United Nations E/2001/18

Economic and Social Council

Distr.: General
16 May 2001

Original: English

Substantive session
2-27 July 2001
Item 10 of the provisional agenda*
Regional cooperation

Regional cooperation in the economic, social and related fields

Report of the Secretary-General

Summary

The present report updates the Economic and Social Council on actions undertaken by the regional commissions during the period under review with respect to the guidance given in annex III of Council resolution 1998/46 of 31 July 1998. Among the several issues, a review of follow-up activities to world conferences and other major events implemented during the period between the Council's substantive sessions of 2000 and 2001 is contained in addendum 1 (E/2001/18/Add.1); a review of the regional commissions' cooperation with other regional bodies is contained in addendum 2 to the present report (E/2001/18/Add.2); and the resolutions and decisions adopted by the regional commissions during Spring 2001 that require action by the Council or are brought to its attention are contained in addendum 3 (E/2001/18/Add.3). In addition, in accordance with Council decision 2001/211 of 4 May 2001, the report reviews in section II the theme for regional cooperation which is, "Regional perspectives on globalization: an opportunity for catching up or a risk of falling behind in the development process". Finally, in accordance with General Assembly resolution 1823 (XVII) and Council resolution 1817 (LV), the report of the Executive Secretaries, which focuses on the regional perspectives on financing for development is contained in section IV.

The summaries of the economic surveys of the five regions have been made available to the Economic and Social Council (see E/2001/12-16). The annual reports of the regional commissions are provided as background information as they contain relevant issues and analyses that are addressed in the report and its addenda. They are issued as supplements to the *Official Records of the Economic and Social Council*.

* E/2001/100.

01-37902 (E) 050701

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Introduction

1. The content and format of the report on regional cooperation has changed in recent years so as to respond more directly to Economic and Social Council resolution 1998/46, annex III, on the reform of the regional commissions. Rather than continue to be descriptive, the report has attempted to engage the Council in a dialogue with the Executive Secretaries on the dual role of the commissions as "outposts of the United Nations" and as the regional expression of the Organization in which they occupy a niche in "the institutional landscape of their respective regions". In that sense, the report has become shorter and more focused. For its part, the Council has encouraged this dialogue mandating that when the item on regional cooperation is being considered, the morning session be dedicated to an "informal" dialogue with the Executive Secretaries and the afternoon session to formal consideration of the regional cooperation report, the summaries of the economic surveys of the five regions, as well as other related matters. While this has constituted a definite improvement, further measures are needed to improve the substantive interaction between the Economic and Social Council and the secretariat. These could include the following suggestions:

1. Focus the informal dialogue between Member States and the Executive Secretaries in the morning session on the theme chosen by the Council for interregional cooperation;

2. Focus the formal session in the afternoon on the dual role of the commissions both in terms of their roles and contributions to major issues under consideration at the global level and within the specific landscape of each region:

(a) For example, the regional analytical studies and activities, including the regional surveys, investigate emerging development issues or persistent development problems deemed relevant to their Member States. The proximity of the commissions to the countries, their ability to interact constantly with the various national authorities and other stakeholders on development issues, problems and perspectives uniquely place them to assess the situations and project the emerging needs for regional and subregional public goods. Their forum role enables them to conduct broad-based and participatory dialogue, and to facilitate emergence of regional consensus. How well do these regional perspectives contribute to the global dialogue on development issues?

(b) The technical cooperation role is also common to all five commissions. Their technical cooperation activities include advisory services to Member States, promoting programmes and projects for regional and subregional cooperation and providing training to enhance national capacity-building in various sectors, all based on a detailed agenda of operational activities set by their respective intergovernmental bodies. A key consideration for the Council is the cooperation between the regional commissions and the United Nations Funds and programmes and especially with the regional and subregional activities (regional cooperation frameworks) (RCFs) of the United Nations Development Programme (UNDP). A second, related question is how to ensure that common country assessments (CCAs) and United Nations Development Assistance Frameworks (UNDAFs) include the regional dimensions of development issues and, in that context, how to ensure that the priorities agreed on by regional intergovernmental events and meetings organized by the commissions as well as the commissions considerable policy analyses and research work are integrated more fully into United Nations programmes at the national level and utilized to strengthen the country-level analyses of the Resident Coordinators;

(c) In this connection, the Council may wish to consider the results so far of the regional coordination meetings organized by the commissions and whether further measures are needed to make them more effective in terms of improved synergies, while maintaining their simple structures and lack of costly bureaucratic layers; and

(d) Building bridges between the regional commissions and various non-United Nations major regional and subregional organizations is taking place on a regular basis through various collaborative arrangements, which, in many cases, are based on legislative mandates from major organs in the regions. Given that conflict prevention must be built on foundations conducive to suitable peace, the commissions can promote better understanding of economic and social factors that could either reduce or lead to conflict. Similarly, for post-conflict peace-building efforts, they can provide technical assistance for reconstruction and help to bring about development strategies, willingly adopted by Governments concerned and civil society.

I. Recent developments, including follow-up to Economic and Social Council resolution 1998/46

2. Given their dual role, the regional commissions are able to bring global concerns to their respective regions and regional perspectives to global debates. This is well illustrated by recent debate and initiatives of the commissions.

A. The regional commissions as the regional expression of the United Nations

1. Significant substantive issues discussed at the commissions' sessions in 2001 and other emerging issues with which the commissions are currently seized, including regional follow-up to the Millennium Declaration

3. The Millennium Summit has created serious expectations and challenges to follow-up by all parts of the United Nations, including the regional commissions. Given their dual role, the regional commissions are able to bring global concerns to their respective regions and regional perspectives to global debates. The work of the commissions directly addresses the goals and objectives identified in the Millennium Declaration under the following parts: III. Development and poverty eradication; IV. Protecting our common environment; VI. Protecting the vulnerable; and VII. Meeting the special needs of Africa. The commissions also address specific issues such as conflict prevention and post-conflict peace building and reconstruction under part II as well as issues of governance, the right to development and combating all forms of discrimination against women. In the area of human rights, they have strengthened their cooperation with the Office of the United Nations High Commissioner for Human Rights, within the context of the preparations for the World Conference against Racism, Racial Discrimination and Xenophobia and Related Intolerance.

Economic Commission for Europe (ECE)

4. Recognizing the importance of the Millennium Summit, the ECE member States decided to include round-table discussion on the follow-up to the Millennium Declaration (General Assembly resolution 55/2 of 8 September 2000) in the agenda of the fifty-sixth annual session of the Commission, which was held at Geneva from 8 to 11 May 2001.

5. Substantive preparations by the ECE secretariat focused on the identification and discussion of key trends and policies relevant to the region and stocktaking of the ECE activities in order to suggest ways ahead. The background note by the Executive Secretary, "The Millennium Declaration: the Challenges for Europe", highlighted the existing links between ECE activities and the objectives of the Declaration, and indicated how adjustments in ECE's programme of work could contribute to assisting the efforts of member States to making those objectives a reality.

6. Key trends and policy concerns relevant to the region relate to the following areas of the Declaration: peace, security and disarmament; development and poverty eradication, human rights, democracy and good governance; protecting the vulnerable; protecting our common environment and strengthening the United Nations. These trends indicate that in the ECE region, progress has been made in many areas, but in some others, much remains to be done.

7. Major policy concerns in the ECE region include: (a) political instability and tension, much of which have economic and social roots; (b) rise in poverty, especially among youth and children, and the growing

economic disparities between and within the ECE member States; (c) inadequate implementation of the agreed international instruments protecting the environment, especially those related to pollution control; (d) weakness of institutions and governance system in a number of countries; (e) vulnerability of children, youth, ethnic minorities and internally displaced persons in the context of the erosion of basic public services, the lack of employment opportunities and proliferation of high-risk behaviour among youth; (f) the need to strengthen the ECE in order to make it a more effective instrument for pursuing the regional priorities of the Millennium Declaration.

8. Many ECE activities already have significant implications for areas identified by the Millennium Declaration. ECE, both through its core and operational activities, contributes to developing a comprehensive and multidimensional approach to conflict prevention and reinstating dialogue between countries, especially through its subregional activities. ECE also contributes to a better understanding of poverty and development problems through its analytical activities and monitoring of social, economic and demographic trends, emphasizing the institutional and structural aspects, particularly of the transition process, and drawing attention to gender inequalities and the growing gaps in income and wealth in the region. Norms, standards and regulations have an impact on safety, energy efficiency, environment, and development of small and medium enterprises affecting not only development but also social welfare.

9. In order to better assist member countries in the implementation of the Millennium Declaration, it has been proposed to use six mechanisms within the ECE intergovernmental framework. These are: (a) review of progress at seminars and annual meetings of the Commission; (b) contribution to the implementation process by the ECE principal subsidiary bodies; (c) dialogue with the relevant stakeholders to promote public-private partnerships in support of the follow-up to the Millennium Summit; (d) inter-agency cooperation at the regional level; (e) comparing national experiences and disseminating best practices in monitoring; (f) information sharing and better communication on implementation policies, with a view to stimulating peer dialogue and public awareness.

10. The powerful and dynamic process of economic diversification and increased specialization, coupled with the growing concern with the problems of externalities has brought about the recognition of the need to develop intersectoral approaches to activities and decision-making processes of both public authorities and economic agents. ECE has repeatedly stressed the importance of intersectoral cooperation and it is well placed to play an important role in regional cooperation on intersectoral issues of importance for sustainable development. To further promote intersectoral cooperation, a high-level debate on this subject was held in the form of a round table during the annual session of the Commission in 2001. The debate gave further impetus to the promotion of intersectoral linkages and cooperation, in particular between transport, environment and energy. Mechanisms required to facilitate cooperation among these sectors and potential areas for future activities were defined.

11. Differences in the pace and extent of institutional reform appear to be one of the major factors behind the large variations in the progress towards a market economy in Central and Eastern Europe and the Commonwealth of Independent States. The ECE Spring Seminar focused on the institutional environment, which supports business enterprise and economic growth, with special emphasis on reforming the institutional framework, both for the economy as a whole and for effective corporate governance. The Seminar explored ways in which institutional reform enhances economic performance, and addressed the problems that arise, especially those of corruption and crime, when institutions are missing or ineffective. Among the countries with economies in transition, the Central Asian and Caucasian members of the CIS are generally less advanced in the transition process, and at its fifty-sixth session the Commission, drawing on the issues raised at the Spring Seminar, focused on aspects of the economic development of these countries. In recognition of the important role of subregional cooperation in facilitating the regional integration of ECE member countries, particularly those with economies in transition, a new subregional and multisectoral programme for countries of South Caucasus is being prepared this year, in addition to the existing subregional programmes of SECI (Southeast European Cooperative Initiative) and SPECA (Special programme for the Economies of Central Asia).

Economic and Social Commission for Asia and the Pacific

12. ESCAP's focus in following up on the Millennium Declaration is three-pronged, comprising the transfer of proven best practices in poverty eradication in the region to developing members and associate members in different environments; reversing the weakening positions of developing member States arising from the process of globalization and strengthening their negotiating position; and the detection and tackling of common social problems and issues in the region, including the increasingly serious problem of HIV/AIDS.

13. The policy debate and ministerial round table organized by ESCAP at its fifty-seventh session, held in Bangkok in April 2001, expressed the view that the process of globalization has served, so far, to accentuate differences between economies and societies in the ESCAP region. The slowdown in growth following the Asian financial crisis has already made the task of poverty eradication in the region, which already contains some two thirds of the world's absolute poor, much more complex. Addressing that problem requires a holistic pursuit of socio-economic development including, inter alia, the creation of employment opportunities, the provision of basic services, the creation of infrastructure, and the widening of credit availability.

14. Also at its fifty-seventh session, the Commission debated the theme topic of "Balanced development of urban and rural areas and regions within the countries of Asia and the Pacific". Rapid economic growth in the region has been in large part due to countries effectively exploring their considerable comparative advantage within the global market. However, in the majority of countries, the speed of this development and the lack of preparedness of Governments have created unprecedented concentrations of economic and industrial activity, particularly around urban areas and along coastlines. This has resulted in major disparities in the distribution of income and provision of social services, which in turn has led to massive migration and further exacerbation of critical problems. The issue of sustainable economic growth has been overlooked in many instances. The disparities between urban and rural areas and regions within countries were analysed. The study prepared by the secretariat reviewed past policies and trends, which often had an "urban bias", and widened rather than reduced the disparities. It also reviewed the impact of free-market economic policies which create more economic opportunities, but may also increase disparities, and identified the impact on rural-urban and regional disparities of current and future trends such as the integration of urban and rural areas, the development of agriculture and the ascent of the knowledge society.

15. Further follow-up on this issue includes joint cooperative efforts with the United Nations Conference on Trade and Development (UNCTAD) that are being contemplated in the following areas: (a) diversification of exports; (b) competition and consumer policies; and (c) trade facilitation and multimodal transport. Significant complementarities exist between ESCAP's regional expertise and UNCTAD's global focus. It is proposed that cooperation between the two organizations should focus on (i) the implementation of the Development Dividend project on "Capacity-building for diversification and commodity-based development"; (ii) identification of follow-up activities and design of projects to be implemented jointly; and (iii) planning and initiation of fund-raising processes for activities in 2002 and beyond.

16. The emerging social issues include HIV/AIDS, population ageing, migration and trafficking of women and children, abuse and exploitation of children and youth and disabled people. In response to the Millennium Declaration, ESCAP, together with UNAIDS, undertook regional preparations for the special session of the General Assembly on HIV/AIDS, to be held in June 2001, by organizing a special policy session at the fifty-seventh session of ESCAP. Recognizing that HIV/AIDS was one of the greatest development challenges, and the potential devastating impact it could have on the huge population base of the region, the Commission adopted a resolution aimed at strengthening efforts of the countries in Asia and the Pacific as well as the United Nations system, in particular ESCAP, to prevent the HIV/AIDS epidemic in the region. The need to target vulnerable groups, particularly youth, in prevention programmes was emphasized. Also, as part of the regional follow-up to the Millennium Summit, ESCAP organized Campaign 2000 for the Asian and Pacific Decade of Disabled Persons in December 2000, in Bangkok. The Campaign reiterated the importance of the human rights of persons with disability.

17. The third focus for the commissions will be strengthening the weakening positions of developing

countries in the context of the quickening pace of globalization. At its fifty-seventh session, the Commission adopted a resolution entitled, "Integration of Asian Pacific developing countries and economies in transition into the international trading system". Further, one of the conclusions of the fifty-seventh annual session of the Commission was that emerging trends of the information revolution and economic globalization will reinforce existing disparities between urban and rural areas and create new ones. ESCAP members at the session felt that information and communication technologies were central to the creation of a global knowledge-based economy and mandated the Commission to strengthen the activities in this area.

18. Concern about globalization has been prominent in the Commission, which at its fifty-sixth session, held in June 2000, considered the theme "Development through globalization and partnership into the twenty-first century: an Asia-Pacific perspective for integration of developing countries and economies in transition into the international trading system on a fair and equitable basis". In follow-up to the deliberations on the subject, a Meeting of Eminent Persons ("Friends of the Chair") on Integration of Asian Developing Countries into the International Trading System was organized by ESCAP and hosted by the Chair of the fifty-sixth annual session of ESCAP, the Islamic Republic of Iran, in Tehran on 10 and 11 March 2001. The Meeting discussed the integration of Asian developing countries into the international trading system, with special emphasis on countries with economies in transition from a centrally planned to a market economy as well as from a single product to a diversified product economy in all its aspects, namely: (a) the rationale for integration in the context of globalization and liberalization; (b) the role of government in the integration process; and (c) the role of the private sector in the integration process.

19. The Meeting observed that while some countries of the Asia-Pacific region have been actively participating in the process of globalization and liberalization, some developing countries, particularly economies in transition and the least developed countries, are threatened with increasing marginalization unless a positive environment is created to facilitate their integration into the international trading system. It recognized that there can be no universal prescriptions to guide developing countries in managing globalization and their integration. The Meeting emphasized the need for "sustainable integration" which takes into account the level of development and peculiar situations prevailing in each country. Integration should proceed with a "human face" assuring that people are at the centre and part of the process itself. The Meeting also identified the respective roles that can be played by Governments, the private sector, civil society as well as the World Trade Organization and ESCAP in facilitating the process of integration.

Economic Commission for Latin America and the Caribbean

20. ECLAC will continue to analyse the globalization process so as to put forward policy proposals designed to seize the opportunities while reducing the vulnerabilities for countries of the region. In the reform agenda of the last decade, liberalization was presented to the developing world as a necessity so as to escape the inefficient strategies associated with trade protection, high levels of State intervention, and as the means to fully exploit opportunities generated by globalization. Experience over the last few years, however, has raised questions regarding the wisdom of this vision. The Asian crisis probably represents the hardest blow to the scheme, making it patently clear that financial liberalization without an adequate institutional setting can be the source of severe macroeconomic instability.

21. Another key preoccupation of ECLAC is rethinking the development agenda. ECLAC has repeatedly pointed out the need to make the current international agenda more complete and balanced so as to reflect the interest of developing countries. As it stands now, income disparities both between developed and least developed countries and among different sectors within countries have worsened. The increasing recognition that globalization has to provide global public goods has to be supported by international arrangements so as to provide funds to be allocated to public goods. Another proposal is that institution building, social cohesion and accumulation of human resources and technological capabilities are essentially indigenous processes.

22. ECLAC is preparing two documents for its next session, one presenting a comprehensive diagnosis of the impact of globalization in the region, and the other putting forward policy proposals.

23. The diagnosis document will be based upon the extensive research work carried out over the last few years on the macroeconomic phenomena resulting from globalization; the new features and trends of trade and financial flows; the impact of new technologies in the production patterns and the social effects derived therein, particularly through the labour market. The main cross-cutting findings seem to indicate a struggle between convergence and heterogeneity, and that the interaction between heterogeneity in the international dimension and the one inside each economy, is decisive in determining the chances to optimize their international insertion.

24. The second document will set forth a working concept of globalization, built around its dual dimension, i.e., of markets and globalization of values. It will then move on to present an agenda for public action at the global, regional and national levels. At the global level, the emphasis will be placed on the need for adequate institutional frameworks for globalization, able to conciliate efficiency and solidarity. At the national level the document will stress the need for comprehensive national strategies vis-à-vis globalization; and finally to emphasize the regional level where a certain degree of autonomy prevails.

Economic Commission for Africa

25. The Millennium Declaration devoted a section to meeting the special needs of Africa. It emphasized the need for support to Africa in the areas of consideration of democracy; encouraging and sustaining regional and subregional mechanisms for preventing conflict and promoting political stability; to address the challenges of poverty eradication and sustainable development in Africa, including debt cancellation, improved market access, enhanced ODA, etc.; and to help Africa build up its capacity to tackle the spread of the HIV/AIDS pandemic and other infectious diseases.

26. ECA has responded to the Millennium Declaration with a composite of measures and actions. The Compact for Africa's Recovery presented at the biennial session of the Commission, represents an important component of ECA's response to the implementation of the Millennium Declaration. The starting point of the Compact is the recognition that the Millennium Africa Recovery Programme (MAP) is the main and overarching African initiative for Africa's renewal and development. It is intended as a contribution to the implementation of the MAP. The Compact's key contribution is its view of high-quality modalities for international partnership, which will be critical to ensuring the success of MAP.

27. At the core of the Compact for African Recovery is a recognition that solving Africa's problems is first and foremost the task of African leaders. The Compact is built on the premise that good governance, peace and security are essential to growth and development; that sustainable economic growth is key to poverty reduction; and transformed aid relationship is important to new aid partnership.

28. The Compact is concerned with critical needs of today. It articulates measures to address the pressing issues highlighted in the Millennium Declaration. These relate to overcoming the HIV/AIDS pandemic; improving the quality of human resources, by improving basic health and education; improving Africa's competitiveness, through utilization of information and communication technology, investment in research capacities and infrastructural development; and promoting regional cooperation.

29. The Compact also advocates a new international partnership with Africa characterized by more transparency and accountability by Africa's international partners as a central component of enhanced aid effectiveness; long-term and stable assistance provision; and simplification and harmonization of aid conditionalities, including reducing the technical assistance component and untying of procurement of goods and services from the donor country.

30. The African Development Forum 2000 (ADF 2000), on the theme of "AIDS: The Greatest Leadership Challenge", convened by ECA in December 2000, also forms part of ECA's response to the Millennium Declaration. Organized in collaboration with the Organization of African Unity (OAU), agencies of the Joint United Nations Programme on HIV/AIDS (UNAIDS) and ILO, ADF 2000 was designed to serve as a major launching pad for a renewed commitment to more concerted action against HIV/AIDS in Africa by highlighting positive local, national and regional experience and by generating support from all levels of leadership in society and the development community towards addressing and mitigating the impact of the pandemic in Africa.

31. The Forum highlighted the crucial elements missing in the fight against HIV/AIDS in Africa,

namely political will and leadership to make HIV/AIDS a top priority on the development agenda, comprehensive multisectoral plans to expand and deepen country-level programmes to combat the pandemic and an enabling environment with conditions for successful prevention, care and mitigation programmes.

32. The Forum adopted the African Consensus and Plan of Action which calls for leadership at all levels — in the family, in the community, the workplace, schools, civil society, government and the international level — to overcome the threat of HIV/AIDS. Additionally, the Forum resulted in a commitment from African leaders to make HIV/AIDS a top priority on their development agenda and to invest the necessary resources to fight the disease. As a follow-up to the ADF 2000, ECA is collaborating with OAU in organizing the African Summit on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases in Abuja, Nigeria, on 26 and 27 April 2001.

Economic and Social Commission for Western Asia

33. ESCWA selected five main issues of importance to the region to discuss at the twenty-first session of the Commission: trade and environment; foreign direct investment; information technology; international transport of goods; and social policy. Some are ongoing priority areas for the Commission, while others are emerging ones. With respect to sustainable development, trade and environment, ESCWA intends to implement a three-tiered programme on trade and environment, an issue of pressing concern for countries of the ESCWA region. Part I of the programme involves examining trade and environment in terms of the production process as it relates to the firm in terms of environmental inputs, environmental emissions, and international trade competitiveness; part II focuses on the relationship between the firm and the enabling environment, namely the institutions, policies, and measures that facilitate or constrain sustainable development decision-making within the context of trade and the environment; and part III brings the analysis to the macroeconomic level by seeking to assess the real impact that poor environmental policies and performance can have on GDP.

34. Strengthening networking and expertise on foreign direct investment (FDI) in ESCWA member States is necessary because despite the economic liberalization that is taking place in the region, the FDI inflows to ESCWA member countries are still very small in comparison to other developing countries. The modest size of the FDI inflows and the wide disparity in its distribution among the ESCWA member countries is caused by several factors, inter alia, inadequate regulatory framework and business environment, weak policy and institutional framework, and unsatisfactory market access and comparative costs. Furthermore, scarcity, unreliability and inconsistency in the data-reporting systems make it very difficult for formulating policies and strategies regarding FDI. In that context, ESCWA is attempting to address this problem, in cooperation with UNCTAD through a half million dollar project entitled: Strengthening networking and expertise on foreign direct investment in ESCWA member States. The aim of the project is: (a) to enhance the capacity of the governmental agencies in member countries in the compilation, dissemination and analysis of data on FDI; (b) to strengthen networking among investment promotion offices and concerned agencies in the region; and (c) to assist ESCWA member countries in formulating suitable policies and adopting adequate measures that are conducive to promoting inflows of FDI.

35. Information technology (IT) is an emerging issue of importance for ESCWA. ESCWA continues to support its member countries in IT through the undertaking of studies and providing advisory services. Its activities in the future will focus on: IT infrastructure in member countries; development of research and capacity-building; adaptation of some technologies to fit the needs of the region; and the development of a legal and institutional framework that facilitates the adoption and dissemination of IT technologies. These efforts build upon earlier activities including the expert group meeting, organized by ESCWA in November 2000 in Beirut on "Coordination of technology policies to increase productivity and competitiveness within the global trends: capacity-building initiatives for the twenty-first century".

36. With respect to facilitation of the international transport of goods in the ESCWA region, the distinct characteristics of the region of a modest share of interregional trade and an insignificant share of its exports (other than oil) to the outside world may be partly due to complicated transport procedures among the countries of the region and with the rest of the world.

37. ESCWA's study, "Facilitation of the International Transport of Goods in the ESCWA Region", provides a comparative analysis of the main obstacles and presents a succinct overview of some regional and international agreements related to facilitating transport procedures and the extent and possibility of implementing these agreements in the region. Eleven recommendations emerged from the study that were approved later by the ESCWA Committee on Transport, to harmonize and facilitate transport procedures among the countries of the region. These include: simplification and clarifications of procedures and updating laws; development of human resources; electronic exchange of data; value estimation and classification of tariffs; drawing of new agreements and adoption of the multimodal transport system. Serious efforts are needed from member countries and ESCWA to coordinate and implement those recommendations. The establishment of a national committee in each member country to facilitate transport and trade is envisaged in the future.

38. Social policy for sustainable development is another priority area of work given. Such problems as underdeveloped human resources, marginalization of women, immigration of skilled human resources and a decrease in available resources for social spending in the region have been addressed by member countries within the framework of their national development plans and some successes have been achieved. However, there is an emerging dialogue between the Commission and its member countries on the need to develop social programmes that are comprehensive and integrated with measures for sustainable economic growth and development. ESCWA will launch a series of studies on integrated social policies in the Arab world. These studies will link various social policies within the social sector (for example women and development of human resources) with the economic as well as environmental policies so as to achieve a holistic and complementary approach to the development of the region.

39. The ESCWA region has lagged behind in the globalization process compared to other developing countries. There is a serious need to pave the path well for the region to benefit from this process. Among the issues that will be refocused by the Commission are policies for wide-scale reforms to bring about an enabling economic environment; increase the productivity of the labour force; encourage investment codes that conform to international standards and establishing social safety nets. ESCWA will address the issues relating to adult literacy and human resources development. It intends to focus on the region's serious shortcoming to integrate trade, technology transfer and innovation policies so as to enable the region to develop strategies for human and technological competitiveness. It is urgent to emphasize the competitiveness of education and trading system to enable the labour force to be in demand in the globalization process and therefore creating conditions conducive to poverty alleviation.

40. The ESCWA region also suffers from scarcity of water resources, which are shared among neighbouring countries. The Commission has been very actively involved in activities for the management of water resources so as to augment existing resources as well as to avoid disputes among neighbouring countries. In this regard, ESCWA is working very closely with ECE and ECA in joint projects for the Mediterranean region.

2. Regional follow-up to world conferences and other global meetings

41. The regional commissions serve as channels to the regions for global decisions and programmes. An important and well-recognized role of the commissions is to serve as a forum for articulating regional perspectives on global and regional issues, including organizing regional preparations for and follow-up to global conferences and summits. This is a primary component of the mandate of the commissions in responding to region-specific needs. The regional perspectives of the regional commissions are particularly valuable for discussions and debates in the General Assembly and the Economic and Social Council. (For preparatory activities for specific world conferences and global meetings see E/2001/18/Add.1.)

3. Improved coordination and cooperation among United Nations agencies at the regional level: meetings chaired by the Executive Secretaries in the five regions

42. Economic and Social Council resolution 1998/46, annex III, calls on the commissions to hold yearly coordination meetings to achieve greater coherence among the activities of the United Nations system at the regional level. The first series was held under the chairmanship of the Deputy Secretary-General in 1999.

Follow-up series in 2000 and during the period under review were held under the aegis of the Executive Secretaries of the regional commissions. These meetings have covered the areas and issues discussed below.

Economic Commission for Europe (ECE)

43. ECE organized the second coordination meeting in October 2000. The objectives of the meeting were: (a) to achieve a common understanding among agencies of the United Nations system operating in Europe of the trends, needs and priorities for action in transition countries; (b) to discuss how to best use the assets of this level of cooperation within the ECE region; and (c) to determine possible areas of inter-agency cooperation. The discussion was based on the draft common assessment of the situation in transition countries prepared by ECE in close consultation with other agencies. The meeting agreed on a number of salient points concerning the development situation in the European region. Substantial progress has been recorded by countries that are fast reformers in central Europe, owing to their high growth rates, well-functioning market institutions and integration with the European and global economies. In countries of south-eastern Europe and the CIS, problems still persist, including: deep falls of GDP and industrial output; poverty; degradation of health and education; vulnerability to external shocks; ethnic tensions and military conflicts.

44. The meeting underlined the following important advantages and proven assets of the United Nations at the regional level: (a) the ability to address transboundary issues; (b) the cost-effectiveness in mobilizing and using scarce resources of the United Nations system (particularly important for small agencies); (c) the ability to provide forums for exchanging experience and best practices at the regional and subregional levels; (d) the provision of a package of advisory services based on comparative advantages of United Nations agencies (consortium approach); (e) the ability to adjust to the growing demand for expertise at the subregional level.

45. The meeting identified three clusters of topics based on the interest expressed by participating agencies. Three focal groups were established as follows: (a) social data and benchmarking (facilitated by ECE); (b) gender and economy (facilitated by ECE); (c) information and communication technologies (facilitated by UNDP). The role of the focal groups is to (i) share information; (ii) carry out more in-depth discussion in selected areas to identify problems, policy response and best practices; and (iii) improve coordination of United Nations activities, including, if relevant, through developing joint projects and programmes. Agencies stressed that mechanisms set up for inter-agency cooperation within this framework should be evolutionary, demand driven, build upon existing networks and use informal means of communication such as Internet discussion groups and meetings "online". It was also agreed that in future other clusters could be taken up for inter-agency cooperation as appropriate.

Economic and Social Commission for Asia and the Pacific

46. At ESCAP, the Regional Coordination Mechanism (RCM) has been formulated and made functional in the form of quarterly Heads of Agency Meetings (HoAM)/RCM with 10 thematic working groups.

47. The new framework for regional coordination, which is more focused and time bound, has entered its programme implementation stage. The fourth RCM/HoAM in December 2000 approved the terms of reference and work plans of the 10 thematic working groups, and 1 working group on the management of United Nations building and 1 committee on administration, management and security.

48. Closer cooperation with the Bretton Woods institutions has been initiated, through a discussion on the complementarity of the World Bank's Country Assistance Strategy with CCA/UNDAF. There were ample opportunities identified for fruitful cooperation and further discussions are needed.

49. The most recent RCM/HoAM took place on 21 March 2001 and was attended by 22 heads of United Nations agencies and bodies, including the Bretton Woods institutions based in Thailand.

50. ESCAP chairs the thematic working groups on women's empowerment and gender equality, and disability-related concerns, and the Committee on Administration and Security and working group on the management of United Nations building. In addition, ESCAP co-chairs four other thematic working groups on poverty alleviation, rural development and food security, governance and human rights, environment

and development, and Social Summit follow-up. The other thematic working groups have been active in implementing their respective terms of reference and following up on each meeting with action-oriented programmes and activities. In addition, the inter-agency Committees on Programme Review and Coordination and Administration and Security met in February and March 2001 to follow up on matters concerning better coordination of the respective committees' activities at the inter-agency and the regional level.

51. The heads of United Nations agencies and thematic working group members met with the United Nations High Commissioner for Human Rights in Bangkok in March 2001. On that occasion ESCAP and OHCHR signed a Memorandum of Intent (MoI). A senior OHCHR Human Rights Adviser would be placed in ESCAP to support the programmes and activities of ESCAP, to promote the mainstreaming of rights to development and attention to human rights within the United Nations system in the region. The MoI has been circulated to the heads of agencies based in Bangkok.

Economic Commission for Latin America and the Caribbean

52. At the second United Nations Inter-Agency Coordination Meeting for the Latin American and Caribbean Region in Santiago, Chile, on 15 May 2000, a decision was taken to convene a meeting in the Caribbean with a view to optimizing inter-agency coordination within the subregion. Accordingly, ECLAC organized the United Nations Inter-Agency Coordination Meeting for the Caribbean Subregion, held in Port-of-Spain, Trinidad and Tobago, on 8-9 March 2001. The meeting was attended by regional and subregional representatives from UNCTAD, UNDP, UNEP, UNICEF, UNFPA, UNDCP, ILO, FAO, ICAO, PAHO/WHO, the World Bank, ITU, WMO, IMO and UNIDO. In addition, relevant non-United Nations regional and subregional institutions, representatives of the following organizations attended the meeting: International Development Bank, CARICOM, Association of Caribbean States (ACS), Caribbean Disaster Emergency Response Agency (CDRA) and the Caribbean Environmental Health Institute (CEHI).

53. In the background paper for discussion, ECLAC outlined the main features of the current collaboration in the subregion, as dynamic and fluid, but at the same time more ad hoc and less structured than some formal collaboration approaches at the national levels in the framework of the CCA/UNDAF processes. This approach is initiated solely at the discretion of the agencies themselves on the basis of compatibility of interests and mandates. While unstructured, these initiatives nonetheless further the objective of increasing efficiency within the United Nations system while at the same time furthering the image of "one United Nations". Within the subregion, organizations within the United Nations system have quite successfully undertaken joint projects, as well as meetings at the subregional and national levels, research and publications. On the basis of the experience described, ECLAC proposed a possible agenda for inter-agency collaboration structured around three major areas of particular relevance to the Caribbean subregion, namely: preparation for Rio+10; post-Beijing/gender issues; natural disasters.

Economic Commission for Africa

54. The third annual regional consultative meeting of United Nations agencies working in Africa will take place at ECA headquarters in Addis Ababa in October 2001. Building on the successes of the previous two consultations, held in 1999 and 2000, the meeting will address the report on two main issues, namely coherence and coordination; and consider the report of the independent review of the Special Initiative and preparations for the final review and appraisal of the United Nations New Agenda for the Development of Africa in the 1990s.

55. These consultations have traditionally provided a forum for exchanging information and arriving at a common vision of how United Nations system agencies working within a collaborative framework could support Africa's development. The forthcoming consultation will, therefore, provide an excellent opportunity for United Nations system agencies to be briefed about the Compact for Africa's Recovery, and how they might contribute to support its implementation.

56. The meeting will also exchange information on the activities undertaken over the past year, and work plans for the coming year in the five priority areas of the Initiative: education; health; water; governance; and information technology. A special session on regional cooperation and integration, the theme for the

Third African Development Forum in December 2001, will also be included.

Economic and Social Commission for Western Asia

57. On 6 April 2001, a meeting of the United Nations Regional Coordination Group (RCG) was convened at the United Nations House in Beirut, Lebanon. A total of 13 regional organizations attended the meeting in addition to the Personal Representative of the Secretary-General for South Lebanon, Mr. Steffan de Mistura. The deliberations revolved around three agenda items: (a) past experience of coordination and cooperation among United Nations entities in Western Asia: follow-up to the decision of the RCG meeting held on 21 April 2000. In this respect, it was decided to revisit the existing web site of the RCG, formulate concrete directives regarding the purpose and nature of the web site, appoint the necessary focal points for the web site from each agency, consider making it more attractive and discuss modalities for revitalizing it technically and substantively; (b) economic and social dimensions of peace-building: a regional perspective; and (c) a common approach to preparations for world conferences and other global meetings. The participants reviewed collaborative efforts in preparing for world conferences and other global events and the possibility for further concerted action. They also considered system-wide preparations for follow-up to the Millennium Declaration, including regional follow-up.

4. The economic and social dimensions of peace-building: regional perspectives and the role of the regional commissions

58. The economic and social dimensions to peace-building refer to the social and economic policies that lead to growth and development. Such development policies provide essential protection against rising tension escalating into conflict, and additionally, in building peace once conflict has been stopped. Conditions such as poverty; unemployment; growing income disparities both between and within nations; and lack of appropriate education exacerbate social tension and hence the need to place more emphasis on economic and social development as a strategy in peace-building. In this respect, the regional commissions can contribute to pre-conflict and post-conflict peace-building efforts. In the pre-conflict stage, the regional commissions can contribute to the understanding of the factors threatening peace by providing insight into the evolution of economic and social conditions that could either reduce or exacerbate the risks of conflict, allowing in this manner for a timely amelioration of the root causes and resulting conflict prevention. Similarly, once peace has been achieved after a conflict, the commissions can assist in attaining the basis for durable peace, both in the follow-up to the agreements reached by the parties and providing technical assistance in the reconstruction and development efforts.

59. The commissions are committed to strengthening the relevance of their activities to peace-building and to encouraging the main partners in peace-building to adopt new approaches. In this regard, they value the support and ideas from other parts of the United Nations family and in undertaking joint programmes on peace-building and conflict prevention. They are committed to strengthening this new approach within their respective regions, through their work with other regional organizations. This was demonstrated by the participation of the regional commissions in the Fourth High-Level Meeting Between the United Nations and Regional Organizations, held at United Nations Headquarters in New York on 6-7 February 2001 under the chairmanship of the Secretary-General.

Economic Commission for Europe

60. The nature of conflict in Europe has changed. Protracted conflicts or eruptions of wars occur less between independent States and more internally within them. Even though the reasons are complex and multidimensional, covering a combination of social, ethnic, religious and economic factors, the underlying root causes tend to be economic in nature or rather the result of failures of economic policies and of Governments to secure economic rights for all its citizens. The least advanced transition economies of Central and Eastern Europe are the most vulnerable. While much progress has been made as a result of transition to the market system and democracy since the end of the 1980s, only in a relatively few transition economies has the population actually gained material benefits. Indeed, the economic gap between those countries which are succeeding from transition, and those which are lagging behind is growing, not narrowing. With the increasing scarcity of resources, it is noticeable that conflict increasingly occurs between

ethnic, religious and other minority groups over the access to resources, such as land, credit and employment, and over the distribution of these resources between groups.

61. With the rise of this type of internal conflict between various groups and within declining economic circumstances, a development or peace-building agenda is imperative to ECE. This new agenda means that ECE and its regional partners must be responsive to, and ready to embrace new initiatives. In responding to this new agenda, ECE has sought to develop these new approaches with its existing partners, and in particular, with the Organization for Security and Cooperation in Europe (OSCE). This cooperation is long-standing with ECE supporting the work of OSCE in various ways. In its cooperation, ECE has helped the OSCE economic dimension in two areas. First, it has encouraged the OSCE to focus on those economic issues which have direct links with conflict. Secondly, ECE has included in the review of the implementation of the OSCE's economic commitments, the question of threats to security which have emerged since these commitments were endorsed. These threats include the economic treatment of ethnic groups, the social costs of the transition process and the negative effects of globalization.

62. In promoting this new agenda, the ECE is focusing on: (a) strengthening monitoring and early warning systems in the economic dimension of peace-building; (b) training of government officials in conflict prevention, using multidimensional approaches; (c) developing programmes and supporting initiatives at the subregional level; and (d) promoting standards of good governance.

Economic and Social Commission for Asia and the Pacific

63. In the ESCAP region, the massive number of poor and the increasing inequality of income and access to other economic and social assets is becoming more unacceptable in a modern economic world which has the means and technology to provide a decent living for all. With the increasing spread of information, decentralization and better governance, this situation is posing a serious threat to the social and political fabric of countries and increasing tension between them through flows of migrants and refugees. The approaches to tackling poverty through the trickle down of rapid economic growth or through targeted poverty alleviation programmes are unable to turn the tide. Despite very significant advances in disseminating education and health services, credit facilities and the like, there remain many groups of socially disadvantaged people whose needs are not being adequately addressed. Governments appear to be constrained by budget problems as well as institutional weaknesses in providing workable solutions. The assistance given by donors and regional organizations to the development efforts of countries in Asia has been vital. However, in several instances, that assistance has not been effectively used, not directed to country priorities nor assured for a long enough time to have the intended effect. The least developed countries and the economies in transition remain especially vulnerable.

64. ESCAP has a number of ongoing activities for the Greater Mekong Subregion (GMS), a subregion with a history of war and violence, prompting subregional cooperation in a number of areas, including trade and investment. For example, in cooperation with the Asian Development Bank, the GMS Business Forum was established to promote intra-subregional private sector cooperation, while in the area of trade and investment, national workshops and subregional seminars are organized to promote, inter alia, intra-subregional trade and investment on the basis of subregional cooperation. Indirectly, those activities would contribute to promoting peace and security in the subregion as they involve frequent exchanges at the government and private sector level, which in turn promote mutual understanding of each other's countries and constraints, while development itself would act as a discouragement for conflict.

65. ESCAP has been focusing attention on the specially disadvantaged groups of countries and vulnerable groups in society with a view to bringing them into the mainstream of development, thereby securing the necessary conditions for peace and progress. This is being done in the following ways: (a) convening of regular consultative meetings with representatives of least developed and island developing countries, as well as economies in transition; (b) convening of annual consultative meetings between the executive heads of subregional organizations, including the Association of South-East Asian Nations; the South Asian Association for Regional Cooperation; the Economic Cooperation Organization; the Forum Secretariat, and ESCAP.

These consultations have focused on cooperation in the areas of human resources development, trade and investment and transport; (c) new approaches to dealing with poverty alleviation and social issues through: the replication of "best practices" in the region on poverty alleviation; cooperation with the International Organization for Migration on problems of labour migration; cooperation with UNAIDS in dealing with the growing menace of HIV/AIDS in Asia; and (d) promotion and protection of human rights, for which ESCAP has signed a Memorandum of Intent with the Office of the United Nations High Commissioner for Human Rights and under which a Human Rights Officer will be outposted to ESCAP.

Economic Commission for Latin America and the Caribbean

66. Latin America and the Caribbean have produced positive experiences in the peaceful resolution of internal conflicts, through successful international initiatives generated from the region itself with the sponsorship of the United Nations. In what is considered to be one of the Organization's most complex and successful interventions in peacemaking and peacekeeping, the Security Council established the United Nations Observer Group in Central America (ONUCA) in 1989 and the United Nations Observer Mission in El Salvador (ONUSAL) in 1991. In 1994 the General Assembly established the United Nations Human Rights Verification Mission in Guatemala (MINUGUA). ECLAC has contributed to all these efforts, in the case of ONUSAL, through the secondment of a staff member to work as an Adviser to the Chief of the Mission, in charge of the economic aspects of the peace negotiation. ECLAC also provided technical assistance to the Government of El Salvador in the preparation of the National Reconstruction Plan in 1992, as part of a United Nations inter-agency mission. In 1993 ECLAC prepared a study entitled "The Salvadorean economy in the process of consolidation of peace", which presented an assessment of the impact of the conflict, the evolution of the economic and social situation and the constraints it posed for peace as well as the economic implications of peace. In 1994 ECLAC provided advice to the local staff of the Development Programme for Displaced Persons, Refugees and Returnees in Central America (PRODERE); and to the United Nations facilitator of the Peace Negotiations in 1995.

67. In the case of Guatemala, ECLAC contributed from the beginning of the peace process, providing advice on economic and social issues to the Chief of the United Nations Mission to the peace negotiations. Later on, during 1996 and 1997, it provided technical assistance to the Government, MINUGUA and UNDP on the preparatory work for the negotiations. From 1996 onwards, ECLAC allocated a staff member in the UNDP Office in Guatemala to collaborate directly in the materialization of the Agreements and to advise the United Nations Facilitator for the Peace Negotiations.

68. In terms of the collaboration with the relevant regional organizations, the Organization of American States (OAS) and the Caribbean Community (CARICOM), although ECLAC has excellent working relationships with both organizations in different areas, collaboration has not included peace-building activities. In the case of the OAS, most of the collaboration takes place within the context of the Summit of the Americas Process (and mainly in the Free Trade Area of the Americas framework). Collaboration with CARICOM over a good portion of the activities of the ECLAC subprogramme of work for the Caribbean: there has been no experience or need regarding peace-building.

Economic Commission for Africa

69. The Secretary-General's report on the causes of conflict and the promotion of durable peace and sustainable development in Africa placed well-deserved emphasis on both preventive development and post-conflict reconstruction and development in the region. ECA's work in peace-building encompasses both "preventive development" and support for post-conflict reconstruction, rehabilitation and development.

70. ECA has been engaged in a number of specific programmes aimed at strengthening institutions and processes to achieve a stable, predictable enabling environment for peace and prosperity in the region. A notable effort in this regard is ECA's support for the Conference on Security, Development and Cooperation in Africa (CSSDCA) process. ECA collaborated with the OAU and the African Leadership Forum — a regional NGO — in organizing the international conference that initiated the concept of CSSDCA in 1991. Subsequently, ECA has collaborated with the OAU in facilitating the Ministerial Conference on CSSDCA in Abuja in May 2000 that launched the CSSDCA. The main objective of the CSSDCA is to

articulate a set of principles to guide African countries in the areas of security (inter-state political relations); stability (domestic political conduct); economic development (national development policies); and cooperation (inter-state economic relations in the region). The CSSDCA has mechanisms for review and follow-up to commitments by member States.

71. Another effort has centred on helping policy makers to appreciate the economic causes and consequences of conflicts. ECA organized an Ad Hoc Expert Group Meeting on the Development Implications of Civil Conflict: The Economics of Civil Conflicts in Africa, on 7-8 April 2000 in Addis Ababa. The objective of the meeting was to take stock of the current state of knowledge in this important area of research and to draw the policy implications of the results with a view of informing the current search for establishing durable peace-building modalities in post-conflict situations. Yet another effort by ECA centres on the development of indices of good governance. ECA's work in this area will be published in an annual report called the African Governance Report. The performance indices of good governance to be covered in the report include inter alia such issues as representation, institutional effectiveness, and economic management capacities. Commitment by members to sound and effective governance practices would diminish the outbreak of conflict.

72. Though many of the recent conflicts in Africa are national in origin and scope, they, nonetheless, have subregional or regional dimensions or repercussions. Just as subregional, regional or even international effort influence the course of civil conflicts, action at the subregional and regional levels can contribute to ameliorating and consolidating national programmes of post-conflict peace-building. This recognition led ECA to shift its focus to supporting subregional efforts in post-conflict peace-building.

73. The first major effort by ECA to apply the subregional approach to post-conflict peace-building is in the area of the Mano River Basin countries. ECA launched an initiative for the post-conflict reconstruction and development of the Mano River in 1999, in response to the directive of the Secretary-General that ECA develop an appropriate framework for inter-agency effort to support the peace-building process in the three countries of the Mano River, namely, Guinea, Liberia and Sierra Leone. The purpose of the Mano River Initiative is to address and support the subregional dimension of post-conflict rehabilitation, reconstruction and development. At the same time, it was recognized that the post-conflict reconstruction and rehabilitation effort is a huge undertaking that required significant financial resources, which no single regional or international organization could provide. This argues for effective partnerships among international, regional and subregional organizations and between the donors and the various agencies. Thus, ECA invited six regional and international organizations to the first consultative meeting on the Mano River Initiative held in Addis Ababa in October 1999. The participating agencies included the African Development Bank, OAU, UNDP, UNHCR, the Department of Political Affairs of the Secretariat, and the World Bank. The second consultative meeting on the Mano River Initiative was held in Conakry, Guinea, in March 2000. The Conakry meeting agreed to support post-conflict reconstruction in three priority areas: support to the Mano River Union in the establishment of a Joint Security Commission; assistance in strengthening the institutional capacity of the Mano River Union Secretariat; and promotion of networking among parliamentarians, the media and civil society organizations. ECA was assigned the lead role in the revitalization of the Mano River Union Secretariat. Work in this aspect has begun. However, the current political situation in the Mano River Union has slowed progress in implementing the initiative. ECA has been invited to join in some evolving initiatives on the Great Lakes region of Africa.

Economic and Social Commission for Western Asia

74. The significance of peace-building in the ESCWA region cannot be sufficiently underscored owing to five main factors: (a) the protracted Arab-Israeli conflict, which has dominated the region for over half a century, compromised stability, and diverted valuable resources to military expenditure; (b) the eruption of wars between several neighbouring countries in the ESCWA region; (c) the eruption of civil strife and civil unrest in several countries of the region; (d) the physical characteristics of the ESCWA region, which suffers from a dearth of water resources, most of which are shared, giving rise to conflicts and uneven distribution of conventional energy resources; (e) some unfavourable aspects of socio-economic conditions — such as, inter alia, unequal distribution of the fruits of

development, the need to strengthen partnerships between the State and civil society institutions in promoting development, poverty eradication and massive migration — which bear the seeds of civil unrest.

75. ESCWA work in general explicitly or implicitly addresses the resolution of conflict by providing analysis of socio-economic developments, proposing appropriate policies and fostering enforcement mechanisms. The Commission is giving special attention to the issues of water, energy and the environment, which pose a major combined challenge to the peace-building process in the region. While endowed with large reserves of conventional energy resources, which are primarily limited to some countries, the ESCWA region suffers from scarcity of water resources. This scarcity is compounded by the fact that most of the water resources are shared by two or more countries within and/or outside the region. ESCWA is active in fostering hydro-diplomacy as a means of resolving conflicts over water by promoting efficient management of water resources, regional cooperation through negotiations, the conclusion of and/or accession to internationally binding agreements. It is also active in promoting appropriate institutional mechanisms for the utilization of shared water resources with parties from within and outside the region; and in promoting mechanisms and appropriate technologies for utilizing the abundantly available energy resources, especially unconventional energy resources, for augmenting existing water resources and upgrading water quality. ESCWA is currently cooperating with ECA and ECE on developing an interregional project on the inequitable drafting of shared ground water aquifers with the ultimate aim of formulating a viable mechanism for the resolution of transboundary disputes over water and transboundary pollution to avoid potential conflicts.

76. However, during the United Nations Regional Inter-Agency Meeting convened by ESCWA on 6 April in Beirut, which included 13 United Nations regional agencies, the participants proposed other appropriate mechanisms and ideas for peace-building, over and above normative and technical assistance work, as follows: (a) the need to assume an advocacy role in building a culture of peace by giving due consideration to establishing a special centre for conflict resolution and providing training in areas related to furthering humanitarian principles in contingency situations, the absence of which is necessary in a region long riddled with war and civil strife; (b) the absence or inadequacy of conflict-prevention strategies, such as vulnerability analysis, which would serve as an early warning system, again, an anomalous situation given the vulnerability of the region owing to a spectrum of reasons mentioned above; (c) the benefits of recording the experience of war-stricken countries, like Lebanon, to benefit from lessons learned; and (d) the need to underline the significance of the humanitarian intervention by the United Nations system even while conflicts are ongoing and to promote its image by publicizing its accomplishments in this field.

5. Cooperation with other regional bodies

77. The regional commissions continue to intensify cooperation with relevant regional bodies in their respective regions. The regional preparatory meetings for financing for development, organized by the five regional commissions in the second half of 2000, amply demonstrates this close cooperation. This cooperation is based on three principles: (a) the needs of each region are better served by a common strategy and policy cohesion that are based on shared assessments of issues and supported by coordinated activities; (b) a division of labour based on comparative advantage and expertise; and (c) budgetary constraints that require efficient use of resources. (For details on the cooperation between the commissions and regional and subregional bodies in their respective regions, see E/2001/18/Add.2.)

B. The regional commissions as outposts of the United Nations

78. In its resolution 1998/46, the Economic and Social Council called for the active participation of the regional commissions in the Executive Committee on Economic and Social Affairs and United Nations Development Group meetings and their work. It also called for their active cooperation with their relevant partners in the economic and social sectors, namely the Department of Economic and Social Affairs of the Secretariat, UNCTAD and UNDP.

1. Participation in the Executive Committee on Economic and Social Affairs and the United Nations Development Group and the role of the commissions in Common Country Assessment/United Nations Development Assistance Framework

(a) Participation in the Executive Committee on Economic and Social Affairs

79. The Executive Secretaries of the regional commissions continued their active participation in the meetings of the Executive Committee for Economic and Social Affairs and continued, for that purpose, to schedule to the extent possible the meetings of the Executive Secretaries in conjunction with the meeting of the Committee. Through their participation in the work of the Committee, the Executive Secretaries and the United Nations High Commissioner for Human Rights cooperated in the preparatory activities for the World Conference against Racism in several of the regions. The Executive Secretary of ECLAC, as current Coordinator of the regional commissions, finalized the Committee's paper on the social dimension of macroeconomic policy. He also updated, on behalf of the Committee, the paper on "International financial architecture". Moreover, in accordance with the procedures established by the General Assembly, the regional commissions made proposals to the Committee for projects to be financed from the Development Account.

80. The commissions also updated the Committee on the results of the regional preparatory meetings on financing for development and recently exchanged views on the regional preparations for the World Summit for Sustainable Development (Rio+10). The Committee reviewed the preparations for the Third United Nations Conference on the Least Developed Countries and the Executive Secretaries of ECA and ESCAP briefed the Committee on the results of the regional preparatory meetings held by the two commissions, during the period under review. More recently, and at the request of the Convenor, the Executive Secretaries agreed that the commissions would prepare papers on globalization, to be provided as background documents to the High-level Dialogue on the subject at the fifty-sixth session of the General Assembly.

(b) Participation in the United Nations Development Group

81. The Regional Commissions New York Office participated on behalf of the commissions in most meetings of the United Nations Development Group (UNDG) and its support groups during the period under review. One very positive outcome of this participation related to the closer involvement of the commission in the processes of CCA/UNDAF.

Common Country Assessment/United Nations Development Assistance Framework

82. Several resolutions of the General Assembly and the Economic and Social Council have recognized the growing need for incorporating the regional and subregional development dimensions as components in an integrated approach to CCA and UNDAF.[1] Within that context, the same resolutions have also encouraged the closer involvement of the regional commissions in those processes and mechanisms. Both the Economic and Social Council and the Secretary-General have recognized the normative and operational nature of the mandates of the regional commissions, and that prompted their inclusion also as part of the UNDG. The CCA and UNDAF Guidelines reflect the potential role of the regional commissions in those mechanisms.

83. Pursuant to the developments mentioned above, United Nations Development Group Office/UNDG and the regional commissions undertook joint initiatives, with the support and involvement of the United Nations Staff College, to organize five CCA/UNDAF training workshops in the seats of the commissions over the period from March to November 2000. The purpose of the workshops was to familiarize the staff of the commissions with the processes and contents of CCA and UNDAF in the light of the overall United Nations reform and to explore the implementation of those instruments in an interrelated setting of the work of the commissions. A synthesis assessment of the analytical findings and recommendations underscored that effective knowledge networking is essential to ensure that the full intellectual capacities of the United Nations impact at the country level. This includes tapping the analytical capacities residing in the specialized agencies and the regional commissions. Further, countries should not be viewed in isolation but rather as neighbours within a subregional, regional and global environment. There are very often issues and considerations of national capacity-building that can be

addressed in an adequate manner only when national dimensions are complemented by correspondingly supportive responses at the subregional and/or regional levels.

84. More specifically, the workshops concluded that (a) the regional intergovernmental events provide consensus on priorities, and the commissions and their sub-committees adopt various norms, standards and conventions; these should be integrated more fully into United Nations programmes at the national level; (b) the regional commissions can play a very useful role in bringing the regional/subregional dimensions to bear on the many issues whose implications transcend national frontiers; (c) the commissions have undertaken considerable regional policy, research and statistical work, including most notably the annual regional economic and social surveys; these materials and the teams behind them can strengthen the country-level analyses of the Resident Coordinators (RCs) and put these into context; (d) the commissions have well-established subregional offices, and regional advisory services; these can provide useful professional skills and opportunities for networking at the country level; and (e) in the light of the CCA/UNDAF training workshops held at each commission and the annual inter-agency regional coordination meetings begun in 1999, the commissions are now in a position to play a more proactive role in seeking a more substantive relationship with the United Nations Country Teams (UNCTs) through the RCs. They have established focal points for CCA/UNDAF and RC focal points in their respective secretariats. These are being augmented by further development of databases on commission activities and expertise, and of country-specific web pages that link national priorities with decisions and recommendations adopted at the regional level.

85. A common view emerging from those five workshops, considered by both DGO/UNDG and regional commissions as necessary and successful events, has been that the implementation of their findings and recommendations require the regional commissions to be more proactive, on the one hand, and the RCs to pay particular attention to involving the commissions in those country-specific processes. While the regional commissions remain ready and available to be more supportive to CCA and UNDAF, in the context of their respective programmes of work, clearly, complementary efforts from RCs are very essential. Accordingly, the current Coordinator of the regional commissions recently requested the Administrator of UNDP, as Chair of UNDG, to bring to the personal attention of the RCs at the country level the synthesis outcome of the five regional workshops, and to ask for their active support and cooperation in the implementation of relevant findings and recommendations so as to broaden and deepen the existing cooperation between RCs and the regional commissions. He also requested the Administrator to encourage the respective regional bureaux of UNDP to pursue, in collaboration with the regional commissions, the implementation of those findings and recommendations as that would signal an advancement in the implementation of the "Strategic Compact for Collaboration between the United Nations Development Programme (UNDP) and the United Nations Regional Commissions", which was jointly signed on 7 July 2000.[2]

2. Cooperation with the Department of Economic and Social Affairs of the Secretariat and the United Nations Conference on Trade and Development

(a) Cooperation with the Department of Economic and Social Affairs

86. The commissions are collaborating closely with the Department of Economic and Social Affairs, as the global entity responsible for Rio+10, in the regional preparatory process for the World Summit on Sustainable Development. The commissions continued their close preparatory activities that include regional meetings organized by the commissions in collaboration with UNEP and regional round-table meetings organized by the Department of Economic and Social Affairs; they are also participating in the inter-agency preparations at the global level and have provided substantive inputs to the ninth session of the Commission on Sustainable Development. Other collaboration activities include regional preparations for the Second World Assembly on Ageing and the World Forum on Youth. They are also providing the Department, within the context of the Executive Committee on Economic and Social Affairs, with detailed information on their activities in the area of information and communication technology for development, to be included in a database on such activities, as part of the overall follow-up to the results of the High-Level Segment of Economic and Social Council 2000, including the Declaration on

Information and Communications Technology for Development. Moreover, a senior interregional adviser from the Department has been posted in Geneva and is being funded by the Department, UNCTAD and the regional commissions in order to increase synergy, particularly for the development of interregional technical cooperation programmes.

87. The commissions continued their ongoing participation in Project Link (an international collaborative research group for economic modelling, coordinated jointly by the Department of Economic and Social Affairs and the University of Toronto and in the area of research and policy analysis of emerging global and regional trends and macroeconomic policies for their respective flagship reports, namely the World Economic Survey and the regional economic and social surveys. Based on regular exchange of information, these flagship reports provide an apt assessment of recent developments and prospects in the global and regional economy and examine the international financial system, with particular focus on ideas for its reform. Long-standing collaboration between the commissions and the Department of Economic and Social Affairs also involve areas of demographic research and training, including regional coordination for the Global Population Information Network (POPIN). Similarly, close cooperation is ongoing between the commissions and the Department in the area of statistics and new areas of cooperation include joint work on indicators under the umbrella of the Statistical Commission.

88. Cooperation of the regional commissions with UNCTAD has been intensive during the period under review, especially in the preparations of the regional preparatory meetings on financing for development that were organized by the commissions in cooperation with UNCTAD and regional development banks and relevant regional organizations between August and December 2000. UNCTAD provided substantive support to each of these meetings. Ongoing cooperation covered joint cooperation or joint activities in areas such as economic diversification, trade and investment, trade facilitation and activities especially targeted for the least developed countries. Specific examples of cooperation between the commissions and the Department of Economic and Social Affairs and UNCTAD are identified below.

Economic Commission for Europe

89. In order to promote synergies between the preparatory processes for the Second World Assembly on Ageing and for the ECE Ministerial Conference on Ageing, to be held in Berlin in September 2002, the ECE secretariat is working in close cooperation with the United Nations Programme on Ageing, Department of Economic and Social Affairs, which acts as the secretariat for the World Assembly. As part of this cooperation, the ECE secretariat takes part in the work of the Technical Committee, which was established to assist the Secretary-General in the preparatory process for the World Assembly. The ECE secretariat staff also participates in inter-agency meetings for the World Assembly, which discuss, among other things, the modalities to ensure the contribution of United Nations agencies to the process of revision of the International Plan of Action on Ageing.

Economic and Social Commission for Asia and the Pacific

90. For the preparation of regional inputs to the ninth session of the Commission on Sustainable Development in 2001, ESCAP organized the High-level Regional Meeting on Energy for Sustainable Development, in Bali, Indonesia, from 21 to 24 November 2000, in cooperation with the Department of Economic and Social Affairs and developed a common platform and measures to address critical energy issues specific to the Asian and Pacific region. Similarly, the outcomes of the Ministerial Conference on Environment and Development in Asia and the Pacific, organized by ESCAP in Kitakyushu, Japan, from 31 August to 5 September 2000, will serve as inputs of the Asian and Pacific region to the World Summit on Sustainable Development, scheduled to be held in Johannesburg, South Africa, in 2002. During the remaining period until the Johannesburg Conference, ESCAP will continue to liase with the Department of Economic and Social Affairs in further refining regional inputs.

91. Long-standing collaboration between ESCAP and the Department of Economic and Social Affairs in the areas of demographic research and training has continued, including ESCAP's regional coordination role for POPIN. In that connection, ESCAP and the Department organized a joint training workshop on the advanced use of the Internet for demographic research, held in Bangkok from 12 to 14 December 2000. In

addition, ESCAP provided distribution services to recipients in the Asian and Pacific region for publications produced by the Population Division of the Department of Economic and Social Affairs.

92. In the area of social development, ESCAP collaborated with the Department of Economic and Social Affairs in organizing the Inter-regional Workshop on Resource Mobilization for Social Development, held in Seoul in October 2000.

Economic Commission for Latin America and the Caribbean

93. Beyond the joint activities in preparation and follow-up to global conferences, ECLAC collaboration with the Department of Economic and Social Affairs has been particularly intense in the areas of statistics, sustainable development and gender.

94. ECLAC and the Department have jointly designed a project aimed at strengthening a network of experts and institutions to speed up the development of social and environmental statistics in Latin America and the Caribbean, to be executed during the period 2002-2004. ECLAC also participates actively in the substantive and methodological aspects of the LINK project co-sponsored by the Department and has prepared the projections for Latin America. In addition to this, ECLAC is supporting the Statistics Division of the Secretariat in the preparation of the Spanish version of the new National Accounts Questionnaire.

95. ECLAC has continued collaborating with the Department of Economic and Social Affairs in sustainable water resources management, basically through the provision of technical assistance to the Department projects throughout the world. Activities in this area have taken place recently in Central America, China and Yemen. As part of the activities of the Inter-agency Meeting on Women and Gender Equity, ECLAC is coordinating the task force on tools and indicators. In this capacity, ECLAC collaborates closely with the Statistics Division and other statistical offices of the United Nations in order to take advantage of their work on indicators in the context of coordinated and integrated follow-up to United Nations conferences.

Economic Commission for Africa

96. ECA and the Department of Economic and Social Affairs are currently collaborating on a range of policy issues relating to governance; public administration; preparation for the 2002 World Summit on Sustainable Development; preparation of population estimates and projects; and the exchange of information and data. They are collaborating on the implementation of the public service ethics project, which is aimed at compiling information on current legislation, policies, programmes and practices, to assist African Governments and NGOs in improving public sector ethics policies and programmes. ECA also cooperated with the Department of Economic and Social Affairs in the establishment of the Department's *On-line Network on Regional Institutions for Capacity-Building in Public Administration and Finance* (UN-PAN), and has participated in all the activities aimed at realizing the objectives of the network. In addition, ECA is at present cooperating with the Department and the African Centre for Administrative Training and Research for Development (CAFRAD) on the preparation of a draft public service charter. In this context, ECA prepared a paper on the modalities for implementing and monitoring the enforcement of the Charter, which was presented at the Third Pan African Conference of Ministers for Civil Service in Windhoek, Namibia, in February 2001.

Economic and Social Commission for Western Asia

97. Cooperation with the Department of Economic and Social Affairs continued in activities linked to the fields of energy applications for sustainable development, energy conservation and renewable energy, follow-up to the recommendations of global conferences and issues related to social issues, technology, transport, water and the environment.

98. In terms of social issues, the main area of cooperation was in the organization of the Arab youth forum of the United Nations (Beirut, 26-27 June 2001) in preparation for World Forum. Furthermore, ESCWA and the Statistical Division of the Department of Economic and Social Affairs collaborated in holding the regional meeting on social indicators within the framework of the implementation and follow-up to major United Nations conferences and summits in the Arab countries (Oman, 29 October-1 November 2000). (For further details, see addendum 1 to the present report (E/2001/18/Add.1) on regional follow-up to world conferences and other global meetings.)

99. With regard to water resources, the Department is a partner with ESCWA and ECA in implementing a regional project on capacity-building to improve water management and to accelerate sustainable investment in the water sector. Cooperation also included co-organizing and making a substantive contribution, namely, four technical papers, to a workshop sponsored by the Department in the Syrian Arab Republic in November 2000 on energy efficiency and conservation.

(b) Cooperation with UNCTAD

Economic Commission for Europe

100. As previously reported (see E/2000/10), ECE cooperation with UNCTAD is ongoing and well established in a number of fields, in particular economic analysis and trade facilitation. With regard to trade facilitation, it is to be noted that a Compendium of Trade Facilitation Recommendations (TRADE/CEFACT/2001/17) was jointly prepared by ECE and UNCTAD. Enterprise development is also an area of cooperation between the two organizations.

Economic and Social Commission for Asia and the Pacific

101. Under the UNCTAD project on diversification and commodity-based development, financed by the United Nations Development Account, a joint UNCTAD/ESCAP workshop on commodity export diversification and poverty reduction in South and South-East Asia was organized in Bangkok, from 3 to 5 April 2001. The objective of this workshop is to contribute to the diversification and development of the commodity sector, with particular focus on poverty reduction among small producers and traders in the least developed countries and transition economies of South and South-East Asia.

102. ESCAP also collaborated with UNCTAD to develop a pilot training programme to assist ESCAP members to increase their capacity in trade and investment promotion by supporting and encouraging the sharing of resources and expertise between trade-related training institutes in Asia. Based on the concept of technical cooperation among developing countries (TCDC), the pilot training programme has targeted training facilities restrained by scarcity of resources from least developed countries and countries with economies in transition and has focused on increasing their national capacity for trade promotion through enhancing linkages with centres of excellence in the region for the sharing of resources and expertise.

103. ESCAP has submitted a project proposal for funding from the Development Account on capacity-building of ESCAP member States for managing globalization. Participating countries include all economies in transition in the ESCAP region with the exception of China and the Greater Mekong Subregion (GMS). The project has three main components: (a) macroeconomic policy and framework; (b) investment promotion and facilitation; and (c) international trade promotion and facilitation. The project will be implemented with the active cooperation of UNCTAD, WTO and WIPO. Implementation of the project is expected to commence in 2002 for a total duration of three years.

Economic Commission for Latin America and the Caribbean

104. ECLAC and UNCTAD have continued their long-standing collaboration and exchange of information, mainly in the areas of trade, transportation and transnational corporations and, more recently, competition policy. Both institutions and the Costa Rican Commission for the Promotion of Competition jointly organized the Regional Seminar on Competition Law and Policy (San José, Costa Rica, 30 August-1 September 2000), preparatory to the Fourth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Principles and Rules for the Control of Restrictive Business Practices.

105. ECLAC and UNCTAD are currently exploring the possibility of extending their cooperation to the area of intellectual property.

Economic Commission for Africa

106. Cooperation between ECA and UNCTAD has strengthened, as the two organizations seek to provide more cost-effective technical assistance to African countries in a range of areas, including promoting sustainable development and poverty reduction, effective integration of African economies in the global trading system and mobilizing resources for development. ECA was invited to participate in a number of meetings of UNCTAD, including the Trade and Development Board (TDB). Similarly, UNCTAD has participated in a number of meetings and Conferences organized by ECA. UNCTAD contributed

substantively to the High-Level Consultative Meeting on Financing for Development as well as financially to the Preparatory Meeting to the Third United Nations Conference on Least Developed Countries. UNCTAD's Secretary-General participated in the ECA Conference of Ministers of Finance held in Addis Ababa in November 2000. The UNCTAD secretariat presented a number of papers on the various topics discussed at the High-level Consultative Meeting. The Ministerial Conference adopted a Ministerial Statement on the Third United Nations Conference on Least Developed Countries, which has helped to inform and shape the discussions on the preparations for the Conference, which is to be held in Brussels in May 2001. ECA has also participated in most of the meetings of the Preparatory Committee for the Conference and plans to participate actively in the Conference.

Economic and Social Commission for Western Asia

107. A principal area of cooperation with UNCTAD is a joint project on strengthening networking and expertise on FDI statistics in ESCWA member countries. The project is to commence in November/December 2001. In the area of debt management, the two organizations agreed to convene a regional workshop to train government officials in ministries of finance in the ESCWA region on new methodology developed by UNCTAD on debt management.

108. Another main area of cooperation was the provision of technical assistance to ESCWA member countries in accession to the agreements of WTO in selected areas. Assistance covered Lebanon, Yemen and Saudi Arabia. Furthermore, the two organizations are planning to publish a manual in Arabic on WTO to train governmental and non-governmental organizations and institutions of the private sector on the main agreements of WTO.

3. Cooperation with the United Nations Development Programme

109. Cooperation between the regional commissions and UNDP during the period under review included the submission by the commissions of their work programmes and medium-term plans to UNDP; participation by UNDP regional bureaux in the regional ordination meetings organized by the commissions; and undertaking of joint regional and national activities. However, review of this cooperation would suggest that after a year of its signing by the Executive Heads, implementation of the Strategic Compact between UNDP and the regional commissions should be pursued more vigorously for mutual benefit. There were some constraints, such as, the restructuring exercise at UNDP, which impacted on its follow-up by the regional bureaux. Moreover, the budgetary limitations experienced by UNDP have reduced its spending in the regions, particularly in terms of its regional activities. This as well as the increasing role of national Governments and the United Nations Office for Project Services in the execution of such projects have reduced significantly the role of the commissions in the implementation of UNDP-supported regional activities. However, recent consultations between ESCAP and the UNDP Asia and Pacific Bureau as well as between ECA and the UNDP African Bureau on the second regional cooperation frameworks (RCFs) for the two regions indicate a positive trend.

Economic Commission for Europe

110. ECE has provided UNDP with information concerning its activities, including various publications, economic analyses, as well as its proposed programme of work for 2002-2003 as contained in the proposed programme budget and medium-term plans for 2002-2003. ECE and UNDP have been given, jointly with other agencies, the task of following up on the implementation of the social development goals, such as gender equality and social integration in many countries of Central and Eastern Europe and the CIS. The annual national Human Development Reports (NHDRs), produced by national teams and supported by UNDP, have become a major instrument in reporting social as well as economic conditions.

111. Against this backdrop, UNDP is currently funding an ECE-executed project on Human Development Statistics and Social Trends Reporting in Eastern and Central Europe and the CIS. The purpose of the project is to ameliorate the quality of the statistics reported in the NHDRs. There are two aspects to this: to improve collection and to improve analysis and dissemination. Support to three programme areas is envisaged: (a) support the statistical base, including statistical analysis, of the NHDRs and develop a framework to monitor social development in the region; (b) promote gender statistics and

mainstreaming, particularly through the development of a regional gender web site; and (c) develop a framework for the measurement of human security. The emphasis on these three programme areas should enhance national statistical capacities in the countries of Central and Eastern Europe and the CIS, especially of social statistics.

Economic and Social Commission for Asia and the Pacific

112. A dialogue on development partnerships for the new Millennium was held between ESCAP, led by the Executive Secretary, and UNDP, led by its Regional Director for Asia and the Pacific, in Bangkok in February 2001. ESCAP presented its perspectives on development in Asia and the Pacific while UNDP presented its concept paper for the second RCF for Asia and the Pacific, which focused on three areas, namely, governance, trade and environment. ESCAP also presented its programme of work related to these three areas. During discussions, it became apparent that both ESCAP and UNDP have key strategic areas in which both agencies share a common agenda: poverty alleviation, globalization, environment, pro-poor macroeconomic policies and information and communication technologies for development. Moreover, ESCAP and UNDP agreed that partnership was possible at different levels and that opportunities existed for collaboration to complement each other's capacities. Some of the principles agreed upon included pursuance of new and innovative modalities for collaboration in selected programming activities and sharing of information on an ongoing basis; articulation of common advocacy strategies in these selected programme areas and pursuance through events and publications; joint efforts at resource mobilization around given themes and strengthening dialogue, including through participation in CCA/UNDAF processes; and joint work on a selected number of high-profile national and regional joint initiatives, such as, pro-poor macroeconomic policies, environment, trade and globalization and support to NHDRs.

113. While ESCAP has been requested by the UNDP offices in a number of countries to implement national level activities, its current portfolio of joint activities with UNDP consists of seven projects, including support to regional cooperation on sustainable energy development and climatic change mitigation and support to the regional Rio+10 preparation process in Asia and the Pacific, with an environment/poverty perspective.

114. During the fifty-seventh session of the Commission, held in Bangkok in April 2001, the Executive Secretary of ESCAP and the Director of the UNDP Regional Bureau for Asia and the Pacific carried out further consultations aimed at operationalizing their earlier understanding to strengthen cooperation between the two organizations. They agreed to work together on the second UNDP RCF as well as to encourage the process of involving ESCAP in CCA and UNDAF. They also agreed to establish, in line with the Millennium Declaration, a UNDP/ESCAP Regional Poverty Institute, within the institutional structure of ESCAP. The proposed Institute will utilize the in-house research of ESCAP as well as those available with the UNDP country offices and the subregional resource facility (SURF) in the region on poverty issues. It will undertake systematic poverty monitoring and synthesizing of the pro-poor policies based on identifying its practices and feedback of analytical work, which should culminate in an annual publication on the state of poverty in Asia and the Pacific. The first report is envisaged for publication in 2002.

Economic Commission for Latin America and the Caribbean

115. Although there has been a formal exchange of work programmes and medium-term plans between ECLAC and UNDP, there has been a diminishing joint planning, implementation and evaluation of regional programmes. The last time that ECLAC participated in an evaluation of the UNDP Regional Programme was 1994.

116. During the last decade, UNDP spending in Latin America and the Caribbean has significantly decreased, particularly in terms of its regional activities. As a result of this trend and of the fact that UNDP regional activities are increasingly being executed by Governments and UNOPS, ECLAC's involvement with UNDP has been consolidated in their regional collaboration in the field of macroeconomic, poverty and equity as well as sustainable development.

117. The introduction by UNDP of the support for technical services (STS) and support services for policy and programme development (SPPD) schemes

has given RCs instruments to draw directly on ECLAC technical expertise, generating an increasing demand for ad hoc collaboration with national activities. As a result of this, at the end of 2000, ECLAC was implementing, either directly or participating as implementing agency, some 24 national projects. This represented 82 per cent of ECLAC execution of UNDP funds during the year 2000.

118. Although the increasing participation in national activities presents a trade-off for ECLAC, and an opportunity to benefit from more direct interaction with UNDP projects at the country level, neither the STS nor the SPPD schemes (which represented 97 per cent of joint activities in 2000) incorporate administrative and operational support costs for ECLAC as an executing agency.

Economic Commission for Africa

119. The collaboration between ECA and UNDP continued on several issues during the past year. UNDP provided financial support to ECA towards organizing the African Development Forum 2000 on the theme of "AIDS: the Greatest Leadership Challenge", held in December 2000. UNDP and ECA also initiated discussion on developing a framework for enhanced cooperation between the two institutions. The draft framework agreement has been finalized and will be signed shortly by the Executive Secretary and the Assistant Administrator and Director of the UNDP Regional Bureau for Africa. The framework agreement is a follow-up to the Strategic Compact between UNDP and the regional commissions.

120. UNDP has held consultations with ECA on the second RCF for the period 2002-2005. These consultations included review of collaboration between ECA and UNDP under the first RCF, as well as obtaining ECA's views on the second RCF. Moreover, ECA has provided the platform of the annual session of the Commission held in Algiers, to UNDP to present the RCF II to Governments of African countries and dialogue with them on the objectives and activities of the framework. The Deputy Executive Secretary of ECA has been appointed to serve on the Advisory Group to the UNDP Regional Programme.

Economic and Social Commission for Western Asia

121. Areas subject to cooperation between UNDP and ESCWA covered follow-up to the recommendations of global conferences, including gender statistics, human development issues, and the implementation of CCA and UNDAF in selected ESCWA member States. ESCWA and UNDP continued to implement activities under the three-year flagship project on integrated regional follow-up by the Arab States to United Nations global conferences, which commenced in 1999. It included the regional meeting on social indicators, held at Muscat, Oman, in October/November 2000, and the round-table discussion on capacity-building of NGOs, held in Cairo in July/August 2000.

122. UNDP and ESCWA collaborated, in partnership with the United Nations Development Fund for Women, in holding three workshops on training of local community development women workers in Jordan, in July 2000, the Syrian Arab Republic, in July/August 2000, and Lebanon, in September 2000, in the context of the umbrella project on community development services.

123. Under the umbrella of the project on the development of gender statistics programmes in the Arab countries, implemented by ESCWA in cooperation with UNDP and the International Development Research Center in Canada, ESCWA is publishing booklets containing statistical portraits of the different roles of men and women for a number of countries in the region.

124. ESCWA and UNDP cooperated within the framework of an umbrella project on support to the Yemen national poverty eradication programme, which is one of the components of the poverty alleviation and employment generation programme in Yemen.

125. During the preparation of its work programme for the biennium 2002-2003, ESCWA consulted with UNDP offices in the region with regard to the priorities identified in each respective member State for the CCA report. ESCWA intends to take them into consideration by incorporating case studies relating to these priorities, where feasible.

126. ESCWA is also cooperating with the UNDP office in Lebanon in the application of CCA and

UNDAF in Lebanon in the areas of human settlements, social issues, Agenda 21 and statistics.

II. Interregional cooperation

A. Theme on interregional cooperation: regional perspectives on globalization: an opportunity for catching up or a risk of falling behind in the development process

127. The Millennium Declaration strengthens the role of the United Nations, and its regional commissions as a forum for an ordered debate on globalization. This global commitment should serve as the basis for designing a new system of rules and governance for the international economic system. In this regard, national and international commitment and support to the declarations of the United Nations conferences and summits of the 1990s as well as to the Millennium Declaration should be considered as the ethical framework for the design of development policy and successful integration of developing countries in the world order.

128. The term globalization is used in both a descriptive and a normative sense. On the one hand, it is used to describe a process facilitated by information technology and characterized by international integration, which has led — or is leading — to the point where national boundaries, and national authorities, become increasingly irrelevant to decisions taken by economic agents. On the other hand, the process of globalization is also seen in normative terms in that many Governments and policy makers, especially in North America and Western Europe, as well as large multinational companies, tend to see it as one which is essentially benign, in which open trade and foreign investment regimes will lead not only to faster growth for the world economy but also to increasing convergences of national incomes per head across the world.

129. Yet, globalization is leading to a widening gap between rich and poor in nearly all nations and between the least and most developed countries. In Latin America, South Asia and Africa, the number of poor people has been rising. ECA estimates that 44 per cent of the population of Africa live below the extreme poverty line. For rural sub-Saharan Africa, the numbers are even higher, at 59 per cent. Also, in the transition market economies in Central Asia and Europe, the number of people living on less than $1 a day rose more than twentyfold. The roaring prosperity of the 1990s passed these countries by. Many poor countries spend more on debt servicing than on health and education and the 48 least developed countries share in world exports is now a minuscule 0.4 per cent, down from 0.6 per cent in 1980 and 0.5 per cent in 1990. Their share of FDI is also similar, a mere 0.4 per cent. For Africa as a whole, FDI share is only 1.2 per cent of the overall flows, even after it recorded a 20 per cent increase last year. This is further compounded by the devastation caused by HIV/AIDS, declining ODA flows and serious digital divide. Therefore, the opposition to this normative agenda from those who have yet to enjoy the benefits of globalization or have suffered the negative consequences mentioned above has been growing rapidly in the last few years.

130. For their part, the regional commissions' view is that globalization offers some important opportunities and gains as long as the conditions are met to make it an engine for the development of all countries. Globalization needs to be accompanied by international policies to manage its process and by far-reaching national development efforts by the developing countries and the transition economies that are suitable for their respective and individual conditions. The stability of any social or economic system ultimately depends on it being able to satisfy three crucial conditions: first, the rules and procedures which confer authority in the system must be legitimate in the sense of being willingly supported by those who submit to them; secondly, the system must be able to maintain order by encouraging acceptable behaviour and penalizing the unacceptable, and applying the criteria equally to all participants; and thirdly it must produce an acceptable outcome, in terms of the level and distribution of welfare, if support for the system is to be sustained. On the economic front, it is vital to increase domestic savings and investment, design preventive, macroeconomic policies and consolidate domestic financial development. Equally, these efforts need to be combined with an active production development strategy to facilitate the spread of technology, encourage innovation in all its forms, exploit the synergies between different companies and production sectors and support the development of small businesses in both urban and rural areas. Development policies also need to be relentless in their

pursuit of social inclusion and equity. This requires comprehensive social and economic strategies to put an end to the structural conditions that perpetuate poverty and inequality — the poor distribution of education, working opportunities and access to productive assets and high demographic dependency rates of the poorest households; access to educational and productive resources to ensure real equality of opportunities; extension of comprehensive and universal social security systems, so as to provide the population with basic protections; the opportunity for the poor sectors to express themselves politically and the development of participatory mechanisms to give them a real and active role in building their own futures. Those are the decisive elements in any strategy that seeks to strengthen the links between economic development, social development and democracy so as to create and spread prosperity.

Economic Commission for Europe

131. In the 1990s some 60 per cent of all Western European FDI has remained within Western Europe, a much higher proportion than in the 1980s, with only 3.5 per cent on average going to the ECE transition economies. Thus, the regional concentration of trade is repeated, if a little less sharply in the pattern of foreign investment. In a longer historical perspective, the change is especially marked. In 1914, at the end of the previous phase of globalization, just under 19 per cent of the gross value of Western European investment abroad went to other parts of Western Europe; 40 per cent or so was invested in Latin America, Asia and Africa, 27 per cent in "western offshoots" in other parts of the world and 14 per cent in Western Europe. In short, Western European foreign investment was more globally oriented and more directed to Eastern Europe before the First World War than in the 1990s.

132. Europe's trade relations with the developing countries have weakened for a number of reasons, which have been cited over many years. For most of the post-war period the terms of trade have moved against developing countries dependent on commodity exports and their losses in export earnings were especially large in the 1980s. Technological change in Europe and other developed market economies have reduced significantly the natural materials content of industrial output while the shift in the pattern of demand towards services has lowered the material content of GDP. In addition, exports of agricultural products from many developing countries are restrained by the protection of the agricultural sectors of the developed countries while developing country exports of labour-intensive manufactures are still subject to a range of non-tariff barriers and to the disproportionate use of "anti-dumping" measures. Trade of the transition economies had more or less reverted to its pre-war structure: Western Europe in the late 1920s was the destination for about three quarters of Eastern European exports and the source of a similar proportion of imports. These shares fell to about a fifth to a third under the regime of central planning and the Council for Mutual Economic Assistance (CMEA) trading area, but by 1998 they were again in the region of 70 per cent or so. Trade with developing countries, which, as in Western Europe, increased in the wake of the oil shocks of the 1970s, is proportionately much smaller than is the case for Western Europe and has tended either to stagnate or to fall in the 1990s.

133. The liberation of international capital flows, particularly by the developed market economies, was accompanied in the 1980s and 1990s by a considerable increase in financial market volatility and exhibited much larger fluctuations than in the 1960s and early 1970s. Sudden inflows, and equally sudden outflows of foreign capital create considerable difficulties for the management of domestic monetary policy and lead to caution on the part of Governments and of private business. The net result is a tendency for growth rates to fall below what is feasible, a particularly serious consequence for the transition economies intent on closing the considerable income gap between themselves and the members of the European Union. The transitional economies in the ECE region may have suffered less than countries in South-East Asia and Latin America from the global financial turmoil of 1997 and 1998, in part because of their less advanced degree of integration with international capital markets, but the negative impact was still significant.

134. The problems of European transition economies are for the most part problems of development — the reallocation process is seriously hindered by institutional and technological rigidities, incomplete and missing markets, inadequate infrastructure, and so on, all of which lead to coordination failures and low rates of investment and prospective rates of return. Hence the importance of taking into account initial conditions and giving high priority to the creation of an appropriate institutional framework for a market-based

economy, a process in which the State must play a key role. This is not to suggest that a rapid rate of liberalization is never appropriate. For some of the most advanced transition or developing economies it may well produce the intended effects. But for those lagging behind, it is necessary to allow them sufficient time and to provide them with significant support to enable the new market institutions to become embedded in the social and political values of the population and to give the institutions time to start working effectively. Countries with economies in transition, undergoing the socially painful process of great change, need both mobilization of domestic development potential and a conducive and enabling international environment. The essential point is to give more attention in policy-making to context and the need for awareness of contingency. The one-policy-for-all approach implicit in the globalization agenda often appears as inflexible as the system of central planning which collapsed in 1989.

Economic and Social Commission for Asia and the Pacific

135. Rapid growth of international trade and foreign capital flows have contributed to the growth and recovery of the economies in the ESCAP region — especially those in East and South-East Asia — both before and after the economic crisis. The success of several East and South-East Asian economies in greatly reducing absolute and relative poverty is, to a large extent, attributable to trade performance and their trade ability to remain competitive by creating new skills. However, other countries have been much less successful, e.g., the least developed and Pacific island economies, and risk being further marginalized. Similarly, FDI in several East and South-East Asian economies has made a significant contribution to employment and the development of new skills. However, from the perspective of the trade-growth nexus, FDI flows can sometimes be foot-loose, reducing their long-term benefits. Of particular concern is the performance of the least developed countries and the Pacific island economies, arising from their low human resource development and limited markets. Many exhibit low or negative growth rates in export and have not been able to rely on FDI or, indeed, other forms of private foreign capital, as their main source of development finance.

136. In view of this, there are considerable risks associated with both liberalizing trade and FDI flows, and national policies should aim at minimizing these risks. In order to create sustainable growth, exports and export markets have to be diversified and FDI itself used primarily to boost exports. For non-FDI flows of capital, liberalizing capital account transactions has to be done in a carefully sequenced manner with the option of temporary capital controls kept in reserve to prevent surges in either inflows or outflows. In this context, absorptive and regulatory capacity in financial intermediation should be realistically assessed. Not only the least developed but most developing countries in the ESCAP region still fall a long way short of having the required robustness for efficient financial intermediation.

137. The 1997 crisis highlighted the need for an early warning system for impending financial crises. Financial monitoring and surveillance are important in crisis prevention and in containing contagion, as well as for ensuring the smooth functioning of individual financial institutions, but such monitoring cannot be effectively done at the national level alone. It has to be supported with subregional arrangements such as emergency access to finance, if need be at a subregional level, for dealing with sudden liquidity problems. The ASEAN swap arrangements with China, Japan and the Republic of Korea are a step in the right direction.

138. The liberalization of financial markets has facilitated access to international capital. However, the strength and viability of the financial sector are crucial for the effective intermediation of globalized financial flows, particularly volatile short-term flows. Based on the experience of the ESCAP countries, it is imperative to enhance the operational strength of the financial sector, both in terms of capitalization, according to international norms and overall management ability, and in the competence of the appropriate regulatory and oversight institutions. By the same token, stock markets in the ESCAP region have become increasingly correlated between themselves and with the rest of the world. It would be very difficult to insulate regional stock markets completely from developments elsewhere. However, in a prolonged bearish phase, it appears vital to find alternative routes for capital-raising by domestic businesses and thus maintain investment levels and the growth momentum in the economies in the region. In this regard, the

strengthening of domestic bond markets and the development of regional bond markets, particularly for small economies, will be necessary.

139. An important requirement for ensuring macroeconomic stability and, hence, access to foreign capital, is prudent fiscal policies. Most developing countries in the ESCAP region face the dilemma that while they have to reduce the overall burden of taxation in their economies in order to remain competitive, at the same time they need to invest more in health, education and infrastructure for long-term development. Moreover, the shift in development strategy in favour of openness to the global economy, liberalization, deregulation, privatization and fiscal prudence has itself entailed greater vulnerability for large segments of the population. The 1997 crisis caught many Governments in the ESCAP region unprepared to deal with the scale and the intensity of social deprivation resulting from increased unemployment and aggravated poverty. Social security and safety-net programmes are thus vital to ensure that various segments of the population have reasonable access to minimal income and basic social services in the event of involuntary unemployment. Similarly, a well-educated population is important, not least in an open economy, where each country has to position itself among other countries at different levels of development. In countries with low primary school enrolment ratios and large masses of illiterate adult populations, such as in South Asia, the extension of quality basic education has to receive a much higher priority. In other cases, for instance in South-East Asia, where basic education has been available universally for some time, greater attention has to be paid to secondary, tertiary, vocational and technical education, i.e., the overall quality of education, in delivering a skilled and adaptable workforce. In both instances, significant new resources have to be found by Governments already faced with major constraints in this area, such as limited tax-raising capacity and high or rising public debt.

Economic Commission for Latin America and the Caribbean

140. The instability of the world economy largely reflects the enormous gap between the rapid development of international markets and the weakness of the global institutions that regulate them, as well as the fact that there are no effective mechanisms to ensure consistency between the macroeconomic policies of the major economies. It should also be emphasized that economic progress in the Latin American and Caribbean countries has been hindered in recent years by the instability of the world economy. The international capital markets of relevance to the countries of the ECLAC region never fully recovered from the Asian crisis, and over the last year have also been affected by the volatility of technology stocks. The cyclical decline in process has exacerbated the trend towards world oversupply of several raw materials of great importance to countries of the region, such as coffee.

141. There is an ongoing controversy throughout Latin America and the Caribbean regarding the outcome of economic reforms, especially in the social and political realms. The balance sheet for the decade that has just ended certainly reflects both liabilities and assets, but neither its positive nor its negative results can be wholly attributed to the impacts of these reforms, since events have also been influenced by the international context, other processes under way in the region, after-effects of the debt crisis that are still making themselves felt and deeply rooted structural factors that date back far into the history of the region, such as its high concentration of wealth and income and the acute social segmentation that goes along with it.

142. A brief examination of the situation indicates that, in the economic area, a great deal of headway has been made in correcting fiscal disequilibria, reducing inflation and boosting export growth, although with some exceptions in each case. The countries have also succeeded in revitalizing and implementing new regional integration initiatives, attaining economic growth rates well above the appalling figures recorded during the "lost decade" and attracting substantial amounts of FDI. Integration processes should be expanded to include new economic issues such as macroeconomic coordination, financial cooperation, convergence between different regulatory systems and integration of physical infrastructure, as well as a wide range of environmental, social and political matters, such as poverty reduction, the central role of education and the spread of information technologies, sustainable development and international migration.

143. In the social area, public and social spending has increased, reaching, in fact, an all-time high for the region as a whole. The percentage of the population living in poverty has been reduced, although the region

has not managed to offset entirely the increase in the number of poor people that took place during the preceding decade. Major efforts have also been made to restructure social services and to increase the efficiency, transparency and effectiveness of expenditure, although in many cases sufficient emphasis has not been placed on the concepts of universality and solidarity, which should serve as the guiding principles for social policy. The renaissance seen in local affairs has been another promising development that has far-reaching economic and political implications. The advances made in this area — although the associated processes have by no means been free from weaknesses and other problems — include the expansion of democratic systems and the creation of new spheres for citizen action. Inroads have also been made in upholding women's rights and in gaining more visibility and recognition for women, in addition to the progress made in the field of education. Nonetheless, women continue to be excluded and discriminated against in various ways in the workplace and in terms of the distribution of power, and the segregation of gender roles in the home persists. An awareness of the importance of sustainable development has also filtered through the government policy, the agenda for citizen action and some economic and social practices, although the frailty of the relevant institutions is still being reflected in an inability to influence patterns of growth or to put a stop to processes that severely degrade the environment.

144. On the down side, efforts to boost economic growth and productivity met with disappointing results in the 1990s. In fact, only three countries in the region managed to post results that were equal to or better than those registered for the three decades prior to the outbreak of the debt crisis for both of these variables. The unsteadiness of economic growth and the frequency of financial crises in the region indicate that not all causes of instability have been brought under control and that some of them may even have grown worse as a result of the new styles of macroeconomic management that have begun to hold sway within the context of today's volatile international capital markets. Within the sphere of production, the fact that the resumption of economic growth is as yet incomplete reflects, in some instances, the "destructive" factors at work in some of the sectors and firms that have been unable to adjust to the new scheme of economic competitive sectors and firms.

145. As part of this process, conditions in the labour market have deteriorated in many countries, and this has been reflected in such ways as an increase in open unemployment, a decline in job quality and, in a few cases, a decrease in real wages. This situation, coupled with the greater heterogeneity of production structures and the widening wage gap separating university-trained workers from all the rest, has exerted further negative pressure on income distribution. Indeed, income distribution has exhibited a long-term deterioration in the countries of the region as a group, and not a single one can produce compelling evidence of an improvement in distribution over the long run. The situation is surely one of the factors behind the growing difficulties that many countries in the region are having in maintaining social cohesion and the problems they are experiencing in the area of governance.

Economic Commission for Africa

146. African countries have the least capacity to tap the opportunities resulting from globalization, and thus run the risk of being bypassed and further marginalized. In order for African countries to benefit from this process, they need to overcome a number of constraints, including their dependence on primary commodities, the prospects of which are bleak given the persistent decline of world prices, market access problems, and weak productive and supply capacities that limit their ability to take advantage of trading opportunities. Improved productive capacities would also be dependent on levels of FDI and other flows, including development financing and a sound macroeconomic policy framework. These problems cut across sectors such as agriculture and manufacturing and industry, identified as potential areas for improving productive capacities and for overcoming supply-side constraints.

147. In agriculture, necessary measures include strengthening the commodity sector through increased productivity and diversification to the production and processing of high value-added products, including non-traditional commodities, by investing in human resource development, infrastructure and technological development. Other important measures include the promotion of rural industries as a means to improve agricultural technology and raise rural incomes; the development of commodity risk management instruments; providing facilities for rural credit for

farmers to enable them to exploit new technologies and market opportunities; and addressing the gender bias in the distribution of productive resources in agriculture, such as land, credit and information/education.

148. Industrialization based on comparative advantage is a key instrument for increased participation in global trade and poverty reduction. The sector is critical to sustainable development of least developed countries owing to its potential in enhancing technological capacity, promoting the diversification of production and exports, and fostering intersectoral and inter-industry linkages. To address these constraints, Governments should define an appropriate and strategic industrial policy, with the requisite incentive structures to support industrialization, paying particular attention to a clearly defined and deliberate policy to support information and communications technology. The focus should be on the promotion of competitive agro-based industries in order to foster strong backward and forward linkages between industry and agriculture. It is also important to create a framework to foster horizontal and vertical ties among small and medium-sized enterprises to improve collective efficiency, stimulate learning, and facilitate their access to public goods, such as infrastructure, training, and financial intermediation. Industrialization efforts by African countries should be complemented and facilitated by structural adjustment in industrialized countries, involving a move away from sectors and industries where they are not competitive. Such adjustments would open up new opportunities for African products.

149. With respect to market access, the initiatives by some major trading partners for least developed countries through the granting of duty- and quota-free exports to their markets the following additional actions are proposed: binding market access conditions and ensuring that they are not overburdened with non-trade-related conditionalities. Another critical issue is the effective participation by African countries, particularly least developed countries, in global trade negotiations, including the international standard-setting organizations. To this effect, the provision of capacity-building support by developed countries is critical in the following areas: building capacities for market information to enhance knowledge of trading conditions and barriers to the markets of major trading partners; assistance to African countries in developing infrastructure for ensuring quality and conformity to international standards; and building capacity in trade negotiations in order to defend and advance African trade interests. The Integrated Framework for trade-related technical assistance for least developed countries is critical in assisting least developed countries in meeting the challenge of integration into the global economy. Its effective implementation, however, requires substantial funding, and the Third United Nations Conference on the Least Developed Countries provides an opportunity that should be seized by the international community for renewing commitment and support to the Integrated Framework.

150. Taxing exports through high tariffs of industrial and agricultural inputs could further undermine product competitiveness, both locally and in foreign markets. Thus, a balance should be struck between short-term fiscal imperatives and long-term competitiveness of exports. Transitional support, including in the form of balance-of-payments support, needs to be provided to African countries to cope with the loss of government revenues, particularly where possibilities for expansion of the tax base are limited.

151. Regional and subregional integration is considered as one of the strategies for the integration of African countries in the global economy. Regional cooperation and integration, when combined with appropriate policy environment, can stimulate trade and investment. This also provides opportunities for improved bargaining power in multilateral trade negotiations and for learning to compete in a more challenging global market. Least developed countries belonging to regional or subregional integration arrangements will need special support mechanisms and policies aimed at enhancing their effective participation and sharing of the benefits from these arrangements. An important measure in this regard is for Governments of African countries to expand intra-African trade through the strengthening of the subregional and regional economic communities, and South-South cooperation through trade agreements among existing regional trade agreements so that they could gain experience for competing in the global market. This requires ensuring that least developed countries that are members of regional trade agreements are provided with longer transition periods for trade liberalization and a more flexible set of rules, particularly those relating to the rules of origin, in order to support the building of productive capacity to participate in meaningful and beneficial trade.

152. At the multilateral level, African countries should seek to advance their trade and development interests through adequate coordination at the regional level, and when possible by adopting common negotiating strategies in order to enhance coherence between national, regional and multilateral trade objectives. Facilitating the accession process of least developed countries seeking accession to WTO should be seen as a logical first step in integrating these countries into the global economy. Since least developed countries are obliged to undergo the full rigours of the lengthy and complicated process of accession negotiations, this imposes a heavy burden on their limited human and institutional capacities. Urgent measures should therefore be taken for achieving rapid and simplified procedures for least developed countries seeking accession to WTO.

Economic and Social Commission for Western Asia

153. Globalization opens vast opportunities for the ESCWA region. These include higher economic growth rates, surge in exports, higher productivity and better allocation of resources, a more dynamic and flexible economy, increasing use of modern technologies, a more specialized and skilled labour force and better governance through a greater share of tasks and partnership between the public sector, the private sector and NGOs. The countries of the region have shown their commitment to globalization by pursuing membership of WTO. Seven are currently members of WTO and three others have observer status. Only two countries have not yet initiated steps towards accession. However, the ESCWA region has lagged behind in the globalization process compared to other developing regions, both in terms of trade flows and in attracting external capital flows. The bulk of foreign export earnings are still comprised of oil exports. The share of its non-oil exports in total world exports and its imports in the world imports dropped sharply in the 1990s compared to the 1980s. The region is lagging behind both in the extent and in the speed with which it is integrating. Moreover, although there has recently been a trend to reduce trade restrictions among the member States, the restrictions imposed, excluding the Gulf Cooperation Council (GCC), are still relatively high.

154. Similarly, the FDI inflows in the region are still very small compared to other developing countries (0.5 per cent of the world FDI in 1997). In addition to its small size, the FDI inflows are concentrated in few countries of the region, namely Egypt and Saudi Arabia, which together absorbed two thirds of the total inflows to the region.

155. The thorny path to globalization needs to be well paved before the region can reap the benefits. A strong political will coupled with tremendous advocacy efforts will be needed to adopt the reform measures required in different spheres of activities. More skilled-intensive industries should be targeted and lean production systems applied to capture the benefits created by WTO membership. The wide-scale reforms needed include the provision of an enabling economic environment and building institutions; updating and reforming laws and regulations, and adopting an independent judicial system; upgrading the infrastructure, especially telecommunications; adopting measures to increase the productivity of the labour force; increasing the transparency of the domestic economy; encouraging the private sector; promulgating investment codes that conform to international standards; eliminating restrictions that inhibit the efficient allocation of resources among productive sectors; and establishing social safety nets. A challenge of serious dimension in the region is the relatively high rate of adult illiteracy, a rate which is well above that recorded in other parts of the world, and needs to be addressed urgently.

156. The new role of the State as the manager of a conducive economic and social environment of work still needs to be solidified under globalization. While there has been a discernible move away from interventionist State-monopoly regimes to State management system, the new role has neither been fully mastered nor is it ubiquitous. The region has not so far succeeded in establishing an equitable framework for efficient functioning of the market economy. In addition, in the new areas in which the State is required to play an effective role to facilitate production activities, namely, supplying labour skills through education and training, promoting development of endogenous technological capabilities, providing social security, environmental and poverty alleviation policies, progress has been slow.

157. However, perhaps the most glaring shortcoming of the region is in its failure to integrate trade, technology-transfer, and innovation policies and combine them with strategies to develop human and

technological competitiveness. This is particularly true for small and medium-sized enterprises, which will inevitably bear the full brunt of the globalization challenge. Very little has so far been done to meet their needs.

158. One important consequence of this slow response to the globalization process is felt in the labour market. At present, the skill composition of the labour force favours unskilled and semi-skilled labour. The share of the professional and technical employees amounts on average to 12 per cent of the total labour force. Considering the trade and investment patterns ushered in by the globalization process, the technological advances in production process and shift in demand for low-income elasticity goods, the likelihood is that the demand for labour in the region will decline. There is, therefore, an urgent need to emphasize the competitiveness of the education and training system to enable the labour force to adapt to the requirements of a globalized market. More skill-intensive industries should be targeted and lean production systems applied, especially in services and manufacturing, to capture the advantages created by WTO membership. Moreover, information must be easily accessible (on the Internet), transport facilities and procedures streamlined and effective so as to enable the productive sectors to reach the outer markets without incurring delays, and at minimal costs. Tariffs at present provide a sizeable share of government revenues in the non-oil-producing members. Compensating for these revenues will pose a new challenge to Governments, especially as most have budgetary deficits and some already are suffering from the burden of large public debt and debt service. There is also the risk of financial volatility. This risk is associated with the liberalization and opening of financial markets prior to setting safeguards and establishing institutions to monitor and regulate markets.

159. Experience over the past decades has shown that globalization has been associated with wider income disparities within each country, and between the developed and developing countries. Such a pattern of development is not sustainable, and special measures must be put in place to manage the social implications of globalization, especially for the most vulnerable groups in society.

Conclusion: a role for the regional commissions

160. It is clear that there are risks associated with participation in the process of globalization, but it also offers opportunities to promote economic development in the service of the needs and aspirations of people. At the national level, the policy direction should be to manage the globalization process in a way that minimizes the potential negative impact and, at the same time, facilitates the reaping of benefits.

161. The regional commissions can offer a unique "comparative advantage" in facing the challenges of globalization in their respective regions, and assist in the catching-up process for countries that have so far not benefited from it. They also play an important role in promoting and supporting the integration of their respective regions. In ECE's case, it supports countries preparing for accession to the European Union, as well as those countries for which this is not a short-term perspective. The regional commissions offer an invaluable forum for the exchange of experience and ideas concerning the impact of globalization on development and highlight the policy options available to countries to maximize their development potential. With their knowledge of both long-term development issues and of cross-country experiences involving different approaches to development built up over a considerable period, they can contribute to the process of coping with the challenges of globalization by a review and collection of best practices vis-à-vis the different elements involved in the globalization process. They are all refocusing their activities in favour of a more balanced and positive outcome of globalization for the benefit of all their respective member countries, including activities for strengthening regional and subregional integration. In addition, the commissions are strengthening this debate among themselves and between the regional and global levels. For example, in addition to the regular dialogue and exchange of experiences among the Executive Secretaries, the Executive Secretary of ECLAC participated substantively, at the invitation of the Executive Secretary of ECA, in the Africa regional meeting on financing for development in November 2000. On that occasion, he presented a paper on "Recasting the International Financial Agenda".

162. The Executive Secretaries also agreed at the meeting of the Executive Committee for Economic and Social Affairs in February 2001, to provide the high-level dialogue on globalization of the General

Assembly, at its fifty-sixth session, with background papers on regional perspectives on globalization.

B. Cooperation among the regional commissions in given areas

1. Transport and transport facilitation

163. Many developing countries are greatly in need of technical assistance and financial resources to enhance their capacities in the field of transport and transport facilitation. To address the question of capacity-building in those countries in that field and for facilitating the exchange of experiences among the countries and the regions, the directors for transport programmes in the regional commissions held their second annual meeting, hosted by ESCWA in Beirut on 23 and 24 January 2001. The Beirut meeting finalized a project entitled "Capacity-building through cooperation, in developing interregional land, and land-cum-sea transport linkages", which involves a budget of $1.25 million to be funded from the Development Account and to be implemented over a duration of five years (2002-2006). The regional commissions will be jointly responsible for the management and implementation of the project. The following are the specific objectives of the project: (a) to assist the respective countries in enhancing their national capacities to develop and harmonize interregional transport linkages infrastructure; (b) to assist the respective countries in strengthening their national capacities to improve transport facilitation along their interregional linkages; (c) to promote networking among experts and institutions in support of interregional cooperation; and (d) to enhance the sharing of best practices and experiences in all aspects related to transport.

164. The Beirut meeting also identified the potential interregional land and land-cum-sea transport links, which could be established between Asia and Europe, Asia and the Middle East, the Middle East and Africa and Africa and Europe, to be pursued in consultation with the relevant countries. It decided to develop common tools for the assessment and monitoring of current international transport policies, including methodologies in transport planning.

2. ECLAC/ESCAP interregional cooperation in trade and investment

165. ECLAC and ESCAP have been active in the follow-up to the recommendations made at the Seminar on Interregional Cooperation in Trade and Investment, held in Bangkok on 15 and 16 February 2000, particularly in relation to the organization of government-private sectors meetings to explore business needs in relation to the growing interregional flows of trade and investment and the formulation of projects aimed at forging links between representative organizations of business and chambers of commerce of both regions.

166. ESCAP presented a project proposal to the UNDP Special Unit for Technical Cooperation among Developing Countries. For its part, ECLAC followed up with the Government of Argentina, which confirmed its offer to host the next meeting, dedicated to the role of small and medium-sized enterprises in promoting interregional flows of trade and investment. The Government of Brazil also expressed interest in collaborating in the initiative. However, no further progress was achieved owing to lack of seed money to implement the relevant activities and due to the economic difficulties experienced by Argentina during 2000.

3. Trade facilitation

167. As described by the Secretary-General in his report of 16 May 2000 (E/2000/10, paras. 196-197), all five regional commissions participate in the work of the United Nations Centre for Facilitation of Procedures and Practices for Administration, Commerce and Transport, an ECE subsidiary body which allows for the full participation of non-ECE member countries and international organizations.

168. ECE together with the other regional commissions have continued, during the past year, to explore the possibilities of a more active policy with regard to the introduction and implementation of trade facilitation techniques and electronic commerce in the different regions. In particular it is worth noting that: (a) the expert group meetings and seminars carried out by ECE with ESCWA have led to an initiative supported by the Executive Secretary of ESCWA to establish national trade facilitation bodies in the ESCWA member States; (b) ECLAC, which for a long period of time has participated in awareness-raising

activities, has recently appointed a focal point for trade facilitation; and (c) in a newly launched initiative, ECE has developed a common trade facilitation web site, UNeTradeS.Net (www.unece.org/etrades), which provides the global trade community with loadable versions of codes for trading. To date, ESCAP and ESCWA have joined the initiative.

4. ECE/ECA/ESCWA cooperation in the Mediterranean

169. At its fifty-fifth session, ECE welcomed the joint Mediterranean technical cooperation initiative of the ECE, ECA and ESCWA secretariats. Since then, consultations and meetings have taken place with potential partners, including United Nations entities, and non-United Nations regional organizations in order to fine tune the initiative. By reaching out, ECE, ECA and ESCWA aim at building broad support for the three initial projects of the initiative. Complementarity will be ensured, and the impact of other, related initiatives in the three regions will be maximized, particularly in support of existing economic and political declarations and agreements. Cooperation can lead to economies of scale, which may facilitate increased public and commercial funding for the projects involved. This initiative could be transferred and adapted to other regions of the world.

170. Three projects have been selected. The project on capacity-building in trade facilitation and e-business capitalizes on ECE's experience, and will benefit from UNCTAD's contribution. The project aims at increasing the competitiveness of small and medium-sized enterprise in regional and global markets, through simplifying and harmonizing trade procedures throughout the transaction chain.

171. The second proposal aims at exchanging experiences and best practices in alternative approaches to financing renewable energy sources and energy conservation projects. The primary goal of the project is to step up the socio-economic development of rural regions through access to affordable, sustainable and commercially viable energy.

172. The third project is concerned with the environmental management and the protection of internationally shared groundwater. The ESCWA secretariat has been involving ECE and ECA in its expert groups and seminars as they relate to Mediterranean issues. One such meeting took place in Egypt, which is a member of both ECA and ESCWA. Other United Nations agencies as well as subregional institutions and NGOs have been participating in these meetings. As a result, a consensus was built to develop a joint proposal, which will be aimed at developing tools and mechanisms for the sustainable use, management and protection of groundwater resources in the Mediterranean basin, with ESCWA as the lead agency.

5. Special Programme for the Economies of Central Asia

173. ECE and ESCAP have continued to cooperate in implementing the United Nations Special Programme for the Economies of Central Asia (SPECA). Implementation of SPECA entered a new phase with the official presentation of the programme on 27 April 2000 in Almaty, Kazakhstan. The participating States reconfirmed their will to use the programme for strengthening cooperation among Central Asian economies with a view to expediting their economic development and their integration into the economies of Europe and Asia. At the presentation meeting, the representatives of Kazakhstan, Kyrgyzstan, Tajikistan and of ECE and ESCAP agreed on the general direction of the programme for the short-term perspective. The first session of the Regional Advisory Council of SPECA was held in February 2001 in Almaty, to take a stock of the implementation of the programme and give strategic direction to its forthcoming activities.

174. Within this programme, substantive activities have continued under the following three projects, namely, Rational and efficient use of energy and water resources in Central Asia (lead country — Kyrgyzstan); Transport infrastructure and border-crossing facilitation (lead country — Kazakhstan); and International Economic Conference (lead country — Tajikistan).

175. The Project Working Group led by Tajikistan has worked out a draft medium-term strategy for economic development in Central Asia to be presented at an international economic conference tentatively scheduled to be held in Dushanbe in October 2001. An initial list of investment project proposals has also been compiled for submission to the conference.

176. The Project Working Group on transport infrastructure (led by Kazakhstan) has been focusing on facilitation of transit road and rail transport through

Central Asia by harmonizing relevant regulations and procedures, strengthening of bilateral cooperation and identification of priority investment projects in the transport infrastructure sector in Central Asia.

177. The activities of the Project Working Group on energy and water resources (led by Kyrgyzstan) have been boosted with approval of a $1.75 million project funded from the United Nations Development Account. The project, formulated and implemented jointly by ESCAP and ECE, aims at fostering cooperation between the Central Asian countries for rational and efficient use of energy and water resources by strengthening their respective capacities in selected priority areas.

178. The need for better coordination of the efforts of the international community in the provision of assistance to the Central Asian countries has often been articulated. In response to this need, the Regional Advisory Committee of SPECA was set up and its first session was held in Almaty, Kazakhstan, in February 2001. At the session, the reports of the three Working Groups were adopted and the programme of work of the Regional Advisory Committee for 2001-2002 was approved. It is widely recognized that SPECA offers an excellent opportunity for the Central Asian countries to accelerate their economic and social development through mutually beneficial cooperation fostered by the United Nations. However, active cooperation of all the countries is imperative for SPECA to succeed. The Executive Secretaries of ESCAP and ECE recently issued a joint appeal to the Presidents of the Central Asian countries to step up involvement of their respective countries in SPECA projects.

6. ECE/ESCAP cooperation in the field of energy

179. ESCAP has been closely collaborating with ECE in the implementation of the project entitled "Rational and efficient use of energy and water resources in Central Asia". As discussed above (see also paras. 174-177), this is a $1.75 million project, which has been funded under the Development Account since 2000 and is a component of SPECA. The project aims at fostering cooperation between Central Asian countries in the energy and water sectors by strengthening their capacities in selected priorities areas. The ultimate goal of this three-year project is to pave the way for the formulation of the regional strategy on rational and efficient use of energy and water resources in Central Asia.

180. In addition, under the ECE-Energy Series, ESCAP jointly published with ECE "Guide for the promotion of Energy Conservation Regulations in Economies in Transition". The joint publication provides suggestions for policy makers in the countries of the Commonwealth of Independent States with regard to perspectives for development of policies and regulatory frameworks for promotion of energy efficiencies.

7. Statistics

181. Interregional cooperation is also taking place in the field of statistics. A joint ECE-ESCWA-Eurostat meeting on international migration statistics was organized last year in Geneva. One of the agenda items was progress reports on regional programmes of international migration statistics, with particular emphasis on Eurostat's EUROMED-migration project. Although ECE and Eurostat have been collaborating for many years, it was the first time that cooperation was extended to ESCWA. ECE and the ESCWA secretariats are currently discussing how to enhance cooperation in this area.

8. Gender equality

182. Cooperation among regional commissions in the area of gender equality has been strengthened, particularly through their participation in the Task Force on Tools and Indicators coordinated by ECLAC as part of the activities of the Inter-Agency Meeting on Women and Gender Equality (IAMWGE). The task force collaborates closely with the Statistics Division of the Department of Economic and Social Affairs of the Secretariat and other statistical offices, including those in the regional commissions, thereby strengthening links to mainstream producers of statistics and integrated follow-up to United Nations conferences in the field of statistics and indicators. The regional commissions have assumed a catalytic role in coordinating the various stakeholders, including producers and users of statistics, such as Governments, United Nations statistical offices, NGOs, and others. ECE and ECLAC have already started to make indicators available through their web sites and have continued supporting its collection and dissemination in various countries. Another area of interregional collaboration has been capacity-building of national machineries for the advancement of women. ECLAC, ECA and the Division for the Advancement of Women

have joined efforts in an initiative aimed at exchanging best practices and experiences on the role and functions of national machineries dealing with gender equality in Africa and Latin America.

9. Other areas of cooperation

183. The secretariats of the commissions are undertaking interregional cooperation in new areas, such as financing for development, information technology and natural disasters. For example, the heads of divisions and staff working in the area of financing for development met in October 2000 in New York to exchange views on the preparations undertaken by the commissions in the areas, as well as on the preparations of the commissions' respective economic surveys. In this connection, a meeting was also held with the Division for Development Policy Analysis/Department of Economic and Social Affairs in order to exchange research and findings for the global economic survey and the regional economic surveys. In the area of information technology, and within the context of the Executive Committee for Economic and Social Affairs, the commissions identified focal points for exchange of information on their information technology activities. ECE is undertaking the lead role in this area. ECLAC was identified as lead commission in the area of natural disasters and its studies will be circulated to the focal points identified for this purpose in the other commissions.

III. Further measures undertaken by the commissions since Spring 2000 to achieve greater effectiveness and efficiency

Economic Commission for Europe

184. ECE has embarked on a strategic reflection process following the submission of a paper, "Challenges to the region: elements for an ECE response", at its annual session in 2000 as reported last year (see E/2000/10, chap. IV). The paper reviewed the implementation of the 1997 reform of ECE and invited the Commission, the principal subsidiary bodies and the secretariat to brainstorm on the most effective ways to further implement the reform, where needed, and how ECE should position itself, faced with new challenges, issues and demands that have emerged in the region.

185. Since that annual session, further debate has taken place among member States and principal subsidiary bodies and the whole issue was taken up on the occasion of the 2001 session of the Commission. Within the secretariat, self-evaluation procedures will be strengthened, training having been provided on self-evaluations at a workshop organized in 2000 in collaboration with the Office of Internal Oversight Services.

Economic and Social Commission for Asia and the Pacific

186. Various measures have been undertaken recently to re-engineer the secretariat with a view to achieving greater effectiveness and efficiency in the implementation of ESCAP's work programme. They include (a) the Executive Secretary's initiative to invite UNOPS to undertake a management consultancy of ESCAP; (b) the reconstitution of the former ESCAP Technological Innovations Committee as the ESCAP Information Technology Committee; and (c) the implementation of IMIS Release 3. Lateral transfer of senior staff was effected in February 2001, with the aim of strengthening the secretariat's multidisciplinary programme and project approaches. Redeployment of seven local-level posts from the programme support areas was also implemented to enhance information technology and research support services in the substantive areas.

187. The management consultancy of UNOPS focused on the following four critical areas: human resources management; extrabudgetary resources allocation; electronic services; and travel arrangements. Based on the initial findings and recommendations arising from this exercise, ESCAP will seek to effect process changes to enhance overall effectiveness and efficiency in the four areas. Additionally, ESCAP will continue its internal reassessment of priority programme areas, through close consultations with the Governments of member and associate member countries of the Commission.

188. The ESCAP Information Technology Committee has placed primary emphasis on launching a major effort to revamp and refocus the ESCAP information technology skills training programme; the training programme commenced in March 2001.

189. The IMIS Release 3 became fully operational at ESCAP in early March 2001. Training in the use of IMIS Release 3 was conducted for the secretariat staff and an IMIS help-desk was established. While the actual efficiency gains from the implementation of IMIS Release 3 are yet to be fully realized, in-depth reviews of work flows related to travel and requisitioning, etc., helped the secretariat in streamlining some procedures.

Economic Commission for Latin America and the Caribbean

190. During 2000, improvements continued to be recorded in the dissemination of the Commission's publications. The ECLAC web site consolidated its position as the major dissemination channel for written outputs and initiated a restructuring process consisting in the updating and modernization of its technological architecture and a decentralization drive affecting the management of its contents.

191. The beneficial effects are already evident. The adoption and innovative use of information and communication technology resulted in an explosive growth of online dissemination of publications, allowing the Commission to reach out more effectively and in a timely fashion, not only to traditional end-users but also to new and massive audiences previously out of reach. Only for illustrative purposes, statistics covering 11 months of the year 2000 show that 1,116,824 files in electronic format were downloaded from the ECLAC web site, equivalent to 82,375,262 print-out pages.

192. The introduction of new printing-on-demand technologies also contributed to more timely and higher-quality publications at a lower cost. Moreover, the policy of increasing the number of co-editorial agreements with commercial publishers continued to be pursued to improve the quality and commercial distribution of ECLAC publications. New development areas, such as online sales, are being explored to introduce ECLAC publications to e-commerce through prospective agreements with virtual book retailers.

193. In addition, the Commission's publication programme continued to be streamlined and consolidated by means of standardizing non-recurrent publications into thematic series labels.

Economic Commission for Africa

194. As part of the effort to deepen its reform, ECA continues to implement measures to strengthen its programme delivery and management systems. During the year, ECA delegated authority to its Subregional Development Centres (SRDCs), its field presence at the subregional level, in the area of human resources management. The delegated authority covers such issues as recruitment, placement and promotion of General Service staff members in the Subregional Development Centres; recruitment of consultants and contractors; and processing of some staff entitlements.

195. Additional measures to enhance the administrative processes included the adoption of IMIS and the installation of the Very Small Aperture Terminal (VSAT). The VSAT will significantly improve electronic communications between ECA and its SRDCs as well as ECA's link with other parts of the United Nations system.

Economic and Social Commission for Western Asia

196. Various measures have been adopted by ESCWA in order to improve efficiency in the support operations that include (a) the introduction of an automated system in the library that would lead to improved acquisition of updated research material and databases in support of the programme of work; (b) reactivating the Information and Communications Technology Committee mandated to recommend policy direction and to ensure a closely integrated system that would be more responsive to the requirements of the programme of work; (c) automation of personnel databases in order to promote increased efficiency in the recruitment process and improved management of data relating to the administration of entitlements; (d) streamlining of personnel administration to be more attuned to the needs of the substantive operations in respect of hiring of short-term consultants and the provision of generic job descriptions for specific categories of posts; and (e) promotion of a common services approach in order to ensure that cost-effective services provided to United Nations agencies in the common premises in such areas as travel management services; training and security.

IV. Report of the Executive Secretaries

197. The Executive Secretaries of the five regional commissions met on 24 July 2000, 17 October 2000 and from 12 to 14 February 2001, in conjunction with meetings of the Economic and Social Council, the Executive Committee for Economic and Social Affairs and the Preparatory Committee for Financing for Development, for which they provided briefings on the outcome of the regional consultative meetings they organized on the subject. They also participated in meetings of the Senior Management Group in New York. At their three meetings, the Executive Secretaries exchanged views on globalization and other development issues as they related to their respective regions; areas requiring cooperation among the commissions; and their relationships with other relevant partners within and outside the United Nations.

198. They reviewed the commissions' input and participation in the CCA/UNDAF process as well as the important issue of strengthening the relationship between the commissions and relevant regional and subregional organizations working in the area of peace-building in their respective regions. They exchanged views on the system-wide preparations for follow-up to the implementation of the Millennium Declaration and agreed on a possible common approach regarding their inputs to the preparations of the Secretary-General's report to the General Assembly at the fifty-sixth session, which will outline a long-term "road map" towards the implementation of the Millennium Declaration. They also exchanged views on preparatory activities for world conferences. With respect to financing for development, the Executive Secretaries noted that they had provided their views at the substantive session of the Economic and Social Council in 2000 (E/2000/10) and to the General Assembly at its fifty-fifth session (A/55/187/Add.1) on the need to further define the role and improve the capacities of the international, regional and subregional institutions with regard to the prevention, management and resolution in a timely and effective manner of international financial crises, and to encourage efforts to enhance the stabilizing role of regional and subregional institutions and arrangements in supporting the management of monetary and financial issues, in accordance with the mandate of each institution.

199. They underlined the need to undertake appropriate follow-up action on this and other issues that emerged from the regional consultative meetings organized by the commissions and agreed to continue their interactions with other relevant regional and subregional stakeholders and to keep them abreast of discussions and developments at the global level.

200. The Executive Secretaries noted that despite formal consideration in all reports of disparities between and within regions, there are common salient features that emerged in the five regional consultations organized by the regional commissions during the year 2000. Their report on these issues should serve as a basis for their further updating in order to ensure an effective utilization of them as inputs for the High-Level Intergovernmental Event on Financing for Development, scheduled for early 2002.

201. Common issues raised by all five regional consultation meetings can be grouped into three analytical categories: domestic efforts in financing for development, international finance, and trade.

Domestic efforts

202. All meetings highlighted the need to increase growth in order to reduce unemployment and poverty, but also to address the volatility of current growth patterns. They recommended that efforts be made in financing the additional investment requirements by means of a larger share of domestic savings. There was a recognized need to develop longer-term savings instruments to minimize the maturity mismatches that are so common to all financial crisis. To materialize such goals, there were firm calls to develop financial markets in opposition to their simple liberalization. Such developments should include new agents and instruments and data-based risk assessment to reinforce the creditors' confidence and improve the financial system capability to allocate financial saving into real productive investment. Mentions were made to the development of secondary markets, investment and risk capital funds, guarantee funds and other risk coverage instruments. In general, a call was made to diversify national financial sectors in order to reduce reliance only on banks as the primary instrument for intermediation of savings into investment. Experiences of some countries with provident funds, postal savings systems, unit trusts, pension and life insurance schemes and microfinance schemes should be assessed, especially in their capacity to provide resources for

development priorities and liquidity to national capital markets.

203. A set of recommendations on the role of Governments were also highlighted. These include the need to create an adequate framework for prudential regulation and supervision of financial institutions to assure corporate governance, disclosure and accountability and another framework for macroeconomic coordination to guarantee that the capital account is opened in a consistent manner with developments on these emerging markets; that macroeconomic prices do not deviate from their long-term equilibrium levels; that risks are not excessively accumulated; and that public and private debt profiles not become unsustainable. Components that need to be coordinated are: public earnings stabilization funds, restrictive monetary policies, prudent regulation of financial institutions, a liabilities policy, and the adequate selection of an exchange rate regime.

204. Also important were the issues related to policies addressed to reinforce the reinvestment of profits by large private corporations and create the macroeconomic conditions for fiscal surpluses and public savings. The need to improve the effectiveness of domestic and international financial aid was highlighted by way of suggesting developments of adequate public and private mixes that can improve access to such resources into well-designed strategies aimed at improving competitiveness, provide for social components of development and create innovative mechanisms. In the case of transition economies, it was recommended that resources released by reducing government expenditures on unproductive subsidies to inefficient enterprises be used in support of well-targeted social expenditures. State decentralization, enhancing the role of the local community in regional development projects was considered. New roles for public sector banks were also highlighted in relation to the handling of adequate mixes of private savings and public subsidies to improve access of poor families to the financing of housing, to improve the access of medium and small enterprises to credit, and to allow for the financing of sustainable development projects.

International finance

205. At all meetings it was recognized that in spite of efforts to increase domestic savings, additional international finance would be needed. When such funding referred to dynamic, voluntary, private sources, participants claimed that, depending on the source (FDI, bank credit, and portfolio flows), this financing was either volatile or concentrated in a few countries. Although the role of private capital was underscored, its concentration in politically stable countries raised the issue of other than economic and financial reforms to improve their access. Countries without access to these sources of financing were concerned about the necessary institutional factors (e.g., political stability, good governance, transparency and accountability, consistency of government policies and minimal policy reversal, and efficient legal and judiciary institutions capable of enforcing contracts and agreements) that were binding and also about the strategies they should develop to attract such funding. The role of multinational institutions in providing co-finance and/or guarantees was highlighted. Developing countries and countries with economies in transition should also examine their access to, and utilization of, innovative sources of finance, such as structured finance, as a means to enhance the quantum of investment funds available to them.

206. Countries with access were concerned about the volatility of some of these financing sources and called attention to the need to improve the international financial architecture to address the issue of worldwide financial and macroeconomic governance. This includes macroeconomic policy coordination among developed countries, minimum prudential supervision of their policies and of their financial systems, and public disclosure of information. They also called for appropriate international and regional mechanisms to prevent and handle the recipient countries' crises, especially when they are hit by contagious effects and/or the herding behaviour of investors. Special reference was made to reinforce the regional and multinational institutions' capacity to provide contingency funding. In order to avoid moral risks, it was recommended that such exceptional funding be tied to mechanisms that involve both private and public agents in their solution, and where negotiations between debtors and creditors are handled under international rules and institutions, including international referees and arbitrators.

207. Multilateral banks were said to have played an important role in filling the finance gap, addressing the needs of less developed and transition economies within a diversified portfolio, including finance in support to social development, sustainable

development and state reform projects. Delegates also praised the terms of credit that these institutions offer as well as their counter-cyclical nature, which have helped countries during periods of crisis. Nevertheless, when referring to public and official assistance sources, delegates claimed that their effectiveness was poor, was not placed within a good policy environment, neither within a clear strategy nor fostering ownership of the assistance programmes. All regions claimed that some highly indebted countries had reached unsustainable levels and current initiatives dealing with the Enhanced Heavily Indebted Poor Countries Debt Initiative, the Poverty Reduction Strategy Papers and other broader strategies of debt cancellation needed to be carefully assessed to review the progress in their implementation. Special attention should be paid to the timely provision and availability of resources of such initiatives, which, according to several participants, are well below their internationally agreed target. Special attention should also be paid to the needs for ODA of the least developed countries, economies in transition and small island economies of the Pacific.

208. The building of an international financial architecture should address the above issues. With such purpose, a call was made (a) to strengthen the participation of developing countries in international institutions; (b) to maintain the recipient countries' autonomy in defining their strategies and policies; (c) to take into consideration the absorption capacity of recipient countries, given the stage of development of their financial markets; and (d) to create mechanisms at the regional or subregional level for the early warning of impending financial crises and of appropriate pre-emptive arrangements such as regional lender of last resort facilities. Also important is the explicit consideration of the role of regional institutions, in particular as a network of development banks, reserve funds and swap arrangements. In the case of Africa, experts recommended that the international community support the Global Solidarity and Poverty Alleviation Fund. They further proposed that an independent body of "eminent persons", mutually agreed by creditors and debtors, be established to analyse the sustainability of African debt and provide appropriate measures. They also advised on the use of a moratorium on the servicing of external debt to accelerate a solution, and that the debt relief initiatives be extended to middle income, highly indebted countries, post-conflict countries, and those afflicted by natural disasters whose debt-service capacities have been impaired by disruptions in their economic activities.

Trade

209. Market access for export products is essential to rely on an export-led strategy that can support the base for profitable and sustainable investment projects. By reducing the likelihood of large trade deficits, they would also make import dependent economies less vulnerable to international financial market shocks. Participants raised the difficulties generated by different forms of high protection that characterize industrialized countries' trade policies affecting access to their markets. The high dependence on primary exports and the lack of diversification of some economies have steadily made them lose world export market share for their main export products, affecting their trade balance and economic performance. To change this pattern a call was made for international assistance to help them improve their competitiveness by means of a better-educated labour force, an efficient reliable infrastructure, and investment in information technology as well as in research and development. However, a call was also made to demand four steps that developed countries should take in support of primary exports countries: (a) support the design of mechanisms to smooth price volatility; (b) structural reforms to move away from those sectors in which they are not price-competitive on the world market; (c) reduce the overburdening of developing countries with non-trade conditionalities that restrict their market access; and (d) simplify the procedures to enter the World Trade Organization.

Notes

[1] General Assembly resolution 53/192, para. 41, and Economic and Social Council resolutions 1998/46, paras. 6 and 11, and 1999/6, para. 8.

[2] The report of the Secretary-General on the triennial policy review of operational activities for development undertaken by the United Nations system (document E/2001/66) contains further relevant analyses and recommendations, prepared in response to paragraph 41 of General Assembly resolution 53/192, concerning the role of the regional commissions.